EX 1

A DESK REFERENCE GUIDE FOR EXAMINING AND CERTIFYING GOVERNMENT PAYMENTS

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John Edward Murphy
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Foreword

This desk reference was developed to assist voucher examiners and certifying officers with the basic tasks they perform in the payment process.

Because this desk reference is for voucher examiners and certifying officers throughout the federal government, you should keep two points in mind. First, always consult your agency's procedures manual for specific procedures in examining and certifying payments. Second, remember that this desk reference may discuss actions your agency does not require. That is bound to happen when a reference is designed for use in more than one agency.

This desk reference also may discuss more of the examining and certifying process than you are currently responsible for. In addition, it may go into details and procedures that a computer system handles for your office. This additional information can be useful in two ways. First, with a broader understanding of the payment process, you will be better prepared to resolve problems that arise as you examine or certify payments. Second, you will be better prepared to assume additional responsibilities in the future.

OVERVIEW OF THE DESK REFERENCE GUIDE

Purpose

The purpose of this desk reference guide is to provide voucher examiners and certifying officers with an understanding of the basic actions they are responsible for in the payment process.

Contents of the Desk Reference Guide

The following information is presented in this desk reference guide:

For Information on...	See...
An overview of the role and responsibilities of the voucher examiner and certifying officer	Part I
General procedures and information for preauditing payments	Part II
Examining specific obligating documents and payments	Part III
Certifying payments	Part IV
Additional delivery terms	Appendix 1
"Listing of Authorized SIBAC Billing Agencies and Their Respective Billing Locations and Disbursing Office Symbols"	Appendix 2
SF-1094, "U.S. Tax Exemption Certificate"	Appendix 3
"Now That You're A Certifying Officer." (Supplement to the Treasury Financial Manual)	Appendix 4

PART I. THE ROLE AND RESPONSIBILITIES OF THE VOUCHER EXAMINER AND CERTIFYING OFFICER

Overview

Introduction

This part of the desk reference guide explains the role and responsibilities of voucher examiners and certifying officers in the payment process.

Part I begins with a model of the payment process as seen by voucher examiners and certifying officers. The voucher examiner inspects documents as he or she preaudits payments. In turn, the certifying officer relies on the accuracy of all the preceding steps in the process to certify that payment is proper, legal, and correct.

In practice, the responsibilities of the voucher examiner and the certifying officer may overlap, depending on the system involved. Thus, the payment process model is followed by a table that depicts the similarities and differences in individual responsibilities across various systems.

The table of responsibilities is followed by a list of the general examining procedures voucher examiners use for preauditing payments. These examining procedures are one means by which the certifying officer determines that proper, legal, correct payment can be certified.

Note: These general examining procedures are discussed in detail in part II. Their role in certifying payments is discussed in chapter 13.

Part I closes with a list of basic references for additional information on examining and certifying for payment.

PART I. THE ROLE AND RESPONSIBILITIES OF THE VOUCHER EXAMINER AND CERTIFYING OFFICER

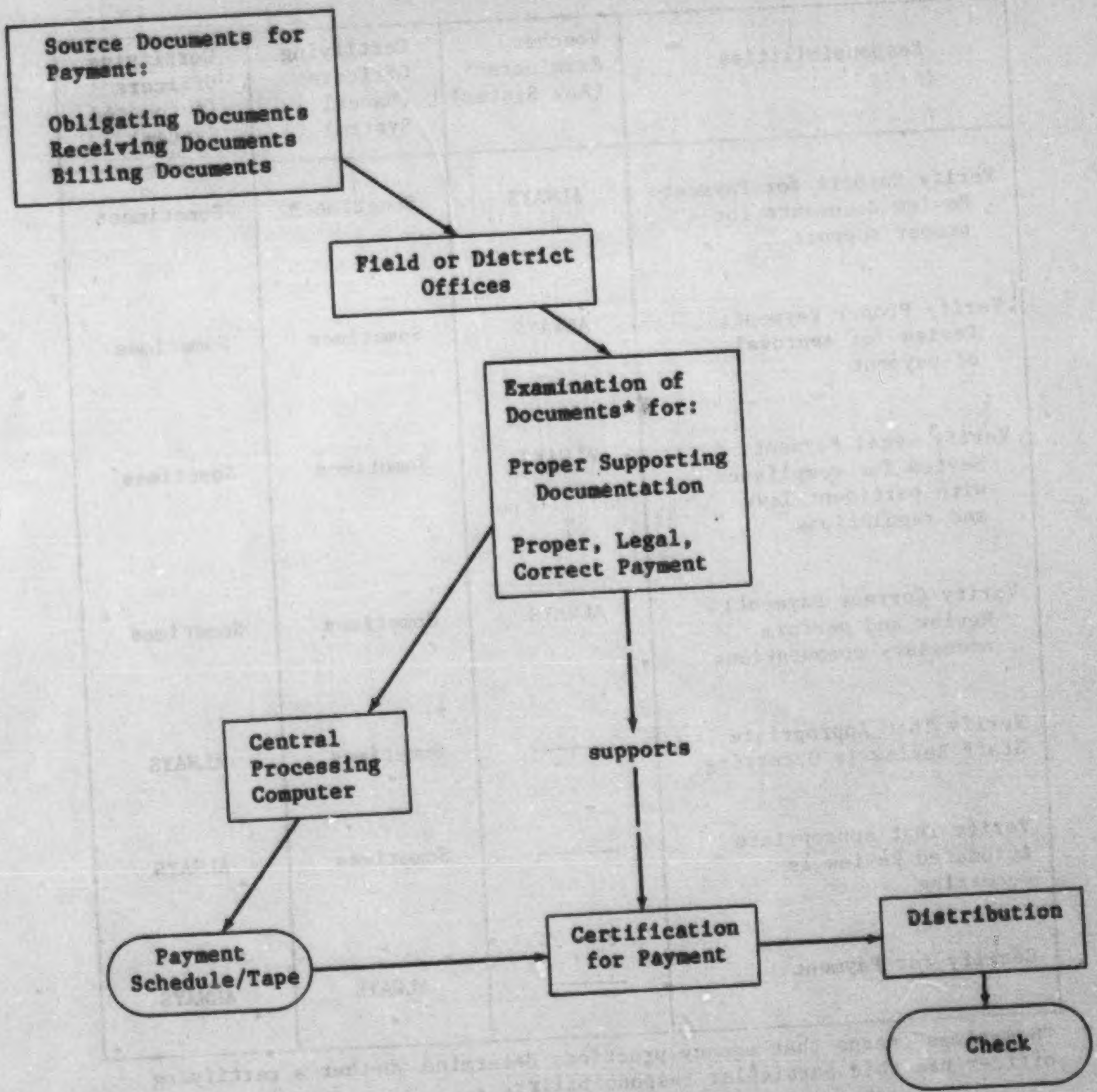
Overview

Contents of Part I

The following information is presented in part I:

For Information on...	See Page
The payment process	1.3
Responsibilities of voucher examiners and certifying officers	1.4
General examining procedures and the basis for certification	1.5
Basic references for additional information	1.7

The Payment Process for Voucher Examiners and Certifying Officers


Source Documents for Payment:
Obligating Documents
Receiving Documents
Billing Documents
Field or District Offices
Examination of Documents* for:
Proper Supporting Documentation
Proper, Legal, Correct Payment
Central Processing Computer
supports
Payment Schedule/Tape
Certification for Payment
Distribution
Check

---

*Documents can be examined for payment at one of two locations: local data entry sites or the central processing site.

Responsibilities of Voucher Examiners and Certifying Officers

Who Is Responsible?

Responsibilities	Voucher Examiners (Any System)	Certifying Officers (Manual System)	Certifying Officers (Automated System)
Verify Support for Payment: Review documents for proper support	ALWAYS	Sometimes*	Sometimes*
Verify Proper Payment: Review for approval of payment	ALWAYS	Sometimes	Sometimes
Verify Legal Payment: Review for compliance with pertinent laws and regulations	ALWAYS	Sometimes	Sometimes
Verify Correct Payment: Review and perform necessary computations	ALWAYS	Sometimes	Sometimes
Verify That Appropriate Staff Review Is Occurring	———	Sometimes	ALWAYS
Verify That Appropriate Automated Review Is Occurring	———	Sometimes	ALWAYS
Certify for Payment	———	ALWAYS	ALWAYS

* "Sometimes" means that agency practices determine whether a certifying officer has this particular responsibility.

General Examining Procedures
and
The Basis for Certification

I. Check for Proper Supporting Documentation.

Verify that...

[ ] 1. There is a proper invoice.

[ ] 2. There is a proper obligating document.

[ ] 3. There is a proper receiving document.

[ ] 4. Special certificates are furnished as necessary.

II. Check for Proper Payment.

Verify that the...

[ ] 5. Expenditure was authorized.

[ ] 6. Goods or services were received.

[ ] 7. Delivery or performance was in accordance with the terms of agreement.

[ ] 8. Payment was approved.

[ ] 9. Payment is in accordance with the terms of agreement.

[ ] 10. Payment is not a duplicate.

[ ] 11. Name and address of payee are correct.

General Examining Procedures and the Basis for Certification — Continued

III. Check for Legal Payment.

Verify that...

[ ] 12. Payment is authorized by the appropriation or fund cited.

[ ] 13. Payment is in no way prohibited by current applicable laws, regulations, and directives.

[ ] 14. Payment is within any legal limits to the expenditure.

[ ] 15. Payment is compatible with any legal and regulatory specifications for the expenditure.

[ ] 16. Obligation was incurred during the time period for which the appropriation was available.

[ ] 17. Adequate funds are available for payment.

IV. Check for Correct Payment.

Verify that the...

[ ] 18. Quantities, unit prices, and amounts are accurate and arithmetically correct.

[ ] 19. Amount of payment is accurate and arithmetically correct.

Determine whether a(n)...

[ ] 20. Deduction can be taken.

[ ] 21. Time discount can be taken.

[ ] 22. Prompt payment can be made.

[ ] 23. Interest penalty must be paid.

References for Additional Information

Basic references for additional information include:

- Your agency's policies and procedures on examining and certifying payments
- GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title III on audit
  - See chapter 5 on the use of statistical sampling procedures in the examination of vouchers.
  - See chapter 6 on the responsibilities of certifying and disbursing officers.
- Treasury Fiscal Requirements Manual, Chapter 2500
  - See sections on certifying vouchers and voucher-schedules.
- Federal Acquisition Regulations
- Applicable Treasury, GAO, GSA, and OMB directives and decisions
- Applicable federal legislation.

Overview

Use of Part II

As you read part II, keep three things in mind:

- Agencies vary greatly in terms of how many of the following examining procedures a single voucher examiner will be responsible for during preaudit of a payment.
- Part II speaks of the obligating document, the receiving document, and the invoice as three distinct documents even though there are occasions when a single document represents two or even three of them.
- Part II is written primarily as if examiners perform the various examining procedures manually. This is because many voucher examiners still do, and those who rely on automated systems must understand what the computer does for them.

Use of Procedures Under an Automated System

If you do voucher examining with an automated system, you should know:

- Whether a computer actually performs the examining procedure in question
- What computer message tells you that the procedure has been performed
- What computer message tells you that something does not check out
- What you should do when something does not check out.

Note: The basic job aid for examining obligating documents and payments found on page 2.8 will help you to record the procedures that are automated in your system.

Overview

Contents of Part II

The following information is presented in part II:

For Information on...	See...
An introduction to vouchers	Page 2.3
Procedures to follow when there is a question about proper, legal, correct payment	Page 2.7
Basic job aid for examining obligating documents and payments	Page 2.8
Checking for proper supporting documentation	Chapter 1
Checking for proper payment	Chapter 2
Checking for legal payment	Chapter 3
Checking for correct payment	Chapter 4

Note: Chapters 1-4 elaborate the set of general examining procedures presented in part I.

Introduction to Vouchers

Introduction

This section explains what you need to know about vouchers in order to preaudit a payment.

What You Need to Know

To preaudit payments, you need to know the:

- Definition of a voucher or voucher-schedule
- Definition of the voucher examining process
- Role of voucher examining in the payment process
- Rules on numbering vouchers
- Rules on filing vouchers
- Rule on handling vouchers to avoid duplicate payment.

Each of these items is discussed below.

Definition of a Voucher or Voucher-Schedule

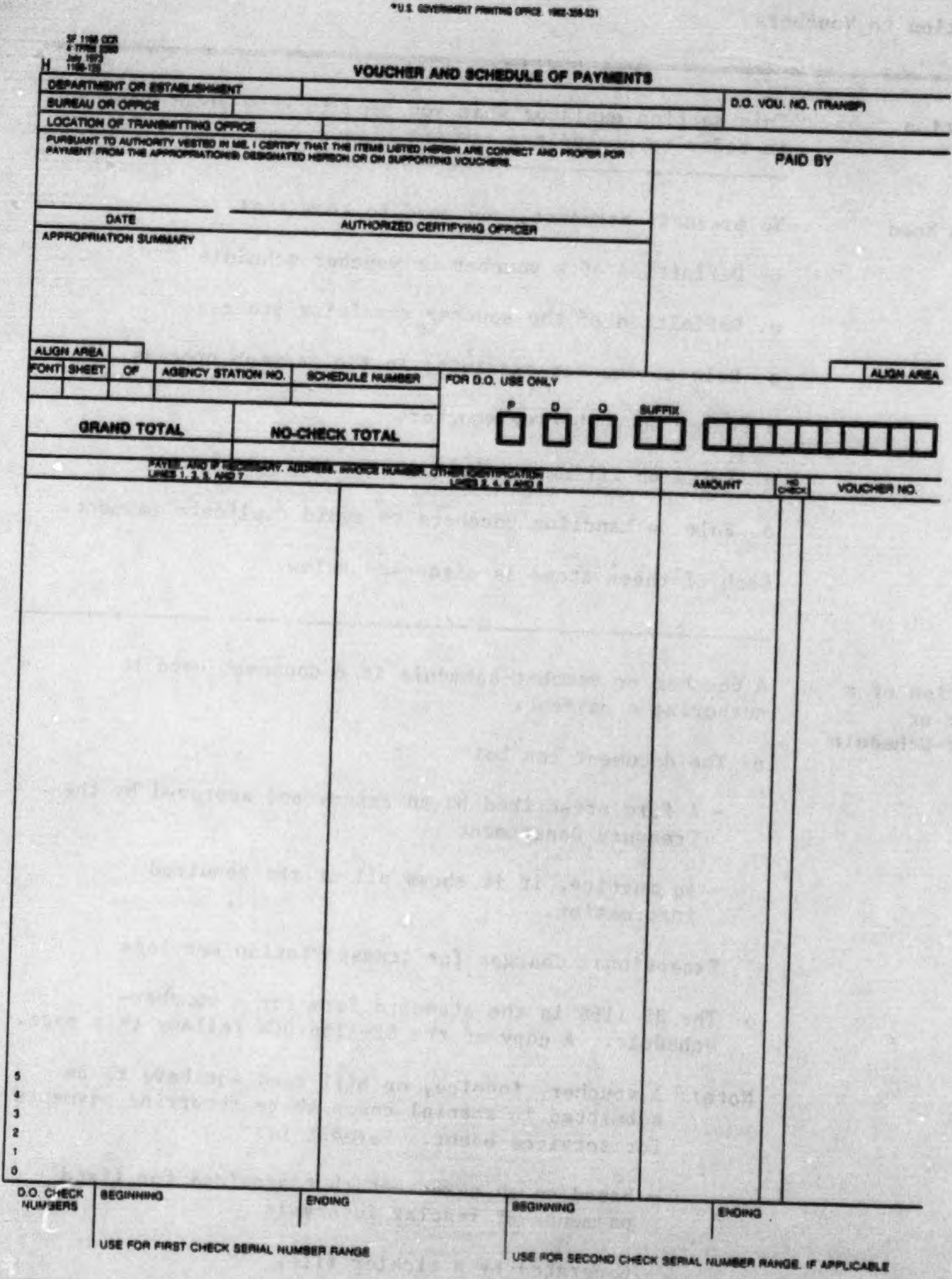
A voucher or voucher-schedule is a document used to authorize a payment.

- The document can be:
  - A form prescribed by an agency and approved by the Treasury Department
  - An invoice, if it shows all of the required information.

  Exception: Charges for transportation services
- The SF-1166 is the standard form for a voucher-schedule. A copy of the SF-1166 OCR follows this page.

Note: A voucher, invoice, or bill does not have to be submitted in special cases where recurring payments for services occur. Payment is:

- Based on an agreement that provides for fixed payments at regular intervals
- Generated by a tickler file.



*U.S. GOVERNMENT PRINTING OFFICE: 1982-358-531

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July 1973
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VOUCHER AND SCHEDULE OF PAYMENTS

DEPARTMENT OR ESTABLISHMENT

BUREAU OR OFFICE

D.O. VOU. NO. (TRANSF)

LOCATION OF TRANSMITTING OFFICE

PURSUANT TO AUTHORITY VESTED IN ME, I CERTIFY THAT THE ITEMS LISTED HEREIN ARE CORRECT AND PROPER FOR PAYMENT FROM THE APPROPRIATION(S) DESIGNATED HEREON OR ON SUPPORTING VOUCHERS.

PAID BY

DATE

AUTHORIZED CERTIFYING OFFICER

APPROPRIATION SUMMARY

ALIGN AREA

FONT	SHEET	OF	AGENCY STATION NO.	SCHEDULE NUMBER

ALIGN AREA

FOR D.O. USE ONLY

P ☐ D ☐ O ☐ SUFFIX ☐☐ ☐☐☐☐☐☐☐☐☐☐

GRAND TOTAL

NO-CHECK TOTAL

PAYEE, AND IF NECESSARY, ADDRESS, INVOICE NUMBER, OTHER IDENTIFICATION LINES 1, 3, 5, AND 7	LINES 2, 4, 6 AND 8	AMOUNT	NO CHECK	VOUCHER NO.

5
4
3
2
1
0

D.O. CHECK NUMBERS

BEGINNING

ENDING

USE FOR FIRST CHECK SERIAL NUMBER RANGE

BEGINNING

ENDING

USE FOR SECOND CHECK SERIAL NUMBER RANGE, IF APPLICABLE

Introduction to Vouchers

Definition of the Voucher Examining Process

Voucher examining is the process of inspecting a proposed payment by the government to a provider of goods or services.

The Role of Voucher Examining in the Payment Process

Vouchers must be preaudited and approved before they can be certified for payment.

Preauditing consists of checking for proper, legal, correct payment and proper supporting documentation.

Rules on Numbering Vouchers

The rules on numbering vouchers include:

- Vouchers should be segregated by fiscal year.
- Vouchers should be numbered consecutively within a fiscal year.
- Within a fiscal year, vouchers may be numbered in one large system or within separate numbering systems by type of payment.

Rules on Filing Vouchers

The rules on filing vouchers include:

- Files should be set up so that a voucher can be filed in one place only.
- A filing system can be based on such criteria as the types of vouchers examined or the locations for source documents, if central payment is involved.
- A filing system can be alphabetical or numerical.

Rule on Handling Vouchers to Avoid Duplicate Payment

Processed vouchers and their supporting documents must be marked "PAID" to prevent duplicate payments.

Procedures to Follow When There Is a Question About Proper, Legal, Correct Payment

---

Introduction

This page lists the general procedures to follow when you are preauditing a payment and there is a question about its propriety, legality, or correctness.

Procedures to Follow When There Is a Question About Proper, Legal, Correct Payment

IF...	THEN...
There is a question about proper, legal, correct payment	Attempt to resolve the issue informally by approaching the agency source involved.
The question remains unresolved	Go to your supervisor for guidance.
The question still remains unresolved	Attempt to resolve the issue with a formal inquiry to the agency source involved.
You are unable to resolve the question within your agency	Attempt to resolve the issue by contacting the vendor involved.
You have exhausted all reasonable means of resolving the question and have been unsuccessful	Return the request for payment along with reasons for denying approval for payment.

Job Aid: Examining Obligating Documents and Payments

Introduction

This job aid will help you track the examination procedures for preauditing a specific type of payment or obligating document.

Purpose

Use this form to record the examining procedures you perform. If you examine any of the documents discussed in part III, you may also want to use this job aid to record any examining procedures that supplement those given in part III.

Job Aid: Examining Obligating Documents and Payments

Type of Document:	
Examining Procedure	Support Documentation

Job Aid: Examining Obligating Documents and Payments

Instructions	**Type of Document:** List the type of payment or obligating document you preaudit for approval. **Examining Procedure:** List those general examining procedures you are responsible for. **Support Document:** List any documents you use to conduct a particular examining procedure. **Preaudit Action:** List the steps you take to perform a particular examining procedure. **Remedial Action:** List the steps you take when something does not check out during the preaudit. **Manual or Computer:** List an "M" or a "C" to indicate whether you or the computer perform the steps.

Job Aid: Examining Obligating Documents and Payments — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)

Job Aid: Examining Obligating Documents and Payments — Continued

Examining Procedure	Support Documentation

Job Aid: Examining Obligating Documents And Payments — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)

Chapter 1. Check for Proper Supporting Documentation

Overview

Introduction

This chapter presents the basic examining procedures and general information you need to check for proper supporting documentation. It covers procedures 1 through 4 of the general examining procedures and basis for certification.

Contents of Chapter 1

Chapter 1 discusses the following basic information and examining procedures:

For Information on...	See Page...
Examining Procedure 1: Verify that there is a proper invoice.	2.13
Examining Procedure 2: Verify that there is a proper obligating document.	2.19
Examining Procedure 3: Verify that there is a proper receiving document.	2.21
Examining Procedure 4: Verify that special certificates are furnished as necessary.	2.23

Examining Procedure 1: Verify That There Is a Proper Invoice

Steps in the Procedure

There are three steps in verifying that there is a proper invoice. Because these steps each have substeps that you must follow, each step is discussed separately.

For Information on...	See Page...
Step 1: Verify that an appropriate request for payment has been submitted.	2.14
Step 2: Verify that the invoice or request for payment is the original.	2.16
Step 3: Verify that necessary supporting documents are present.	2.17

Examining Procedure 1: Verify That There Is a Proper Invoice

Step 1: Verify that an appropriate request for payment has been submitted

---

What You Need to Know

To verify that an invoice or request for payment is appropriate, you need to know the:

- Definition of a request for payment
- Types of requests for payment.

Definition of a Request for Payment

A request for payment is a request by a prospective payee that the federal government pay for goods or services received.

Types of Requests for Payment

Requests for payment may be in any of the following forms:

- Payee's regular invoice
- Partially prepared voucher
- Special claim or application form
- Letter.

Examining Procedure 1: Verify That There Is a Proper Invoice

Step 1: Verify that an appropriate request for payment has been submitted

---

Help

For help in verifying that an appropriate request for payment has been submitted for preauditing, use the following procedures:

Step	Procedure
1	Verify that an appropriate document has been submitted as a request for payment.
2	Verify that the invoice or request contains all of the information you need to check for proper, legal, correct payment.
3	Follow the procedures on page 2.7 if an inappropriate or incomplete document has been submitted as a request for payment.

Examining Procedure 1: Verify That There Is a Proper Invoice

Step 2: Verify that the invoice or request for payment is the original

---

What You Need to Know

To verify that the invoice or request for payment is the original, you need to know:

- The invoice or request for payment must be the original for payment to be approved.
- When an original has been lost or destroyed, a duplicate can be used only if specific agency procedures are followed.

Help

For help in verifying that the invoice or request for payment is the original, use the following procedures:

Step	Procedure
1	Check the file to see if a previous request for payment was received.
2	Obtain a properly certified duplicate from the vendor when the original document is unavailable.
3	Follow any additional agency procedures to prevent duplicate payment.
4	Attach an explanation of the loss or destruction of the original with a statement of the steps you have taken to prevent duplicate payment.

Examining Procedure 1: Verify That There Is a Proper Invoice

Step 3: Verify that necessary supporting documents are present

---

What You Need to Know

To verify that necessary supporting documents for the invoice or request for payment are present, you need to know the:

- Types of supporting documents
- Rules on supporting documents.

Types of Supporting Documents

The types of supporting documents include:

- Obligating document
- Receiving document
- Other supporting documents, such as special certificates, as necessary.

Note: The next three examining procedures discuss each of these types of supporting document in greater detail.

Rules on Supporting Documents

The rules on supporting documents include:

- The purchase order and/or contract number on the invoice must agree with those on the obligating and receiving documents.
- Supporting documents other than the obligating and receiving documents must be attached to the invoice and reviewed before payment can be approved.

Examining Procedure 1: Verify That There Is a Proper Invoice

Step 3: Verify that necessary supporting documents are present

---

Help

For help in verifying that necessary supporting documents for the invoice or request for payment are present, use the following procedures:

Step	Procedure
1	Verify the presence of obligating and receiving documents and any other documents necessary to support the invoice or request for payment.
2	Verify that the purchase order and/or contract number on the invoice or request for payment agrees with those on the obligating and receiving documents.
3	Review any other supporting documents and attach them to the invoice or request for payment before approving payment.
4	Follow the procedures on page 2.7 if there is any question about necessary supporting documents.

Examining Procedure 2: Verify That There Is a Proper Obligating Document

---

What You Need to Know

To verify that there is a proper obligating document, you need to know the:

- Definition of an obligating document
- Types of obligating documents
- Requirement for oral purchase orders
- Elements of a proper obligating document.

Definition of an Obligating Document

An obligating document consists of a binding written agreement of a transaction between a government agency and another party.

Note: The other party could be another government agency.

Types of Obligating Documents

Obligating documents include the:

- Purchase order
- Letter of agreement
- Contract.

Requirement for Oral Purchase Orders

Oral purchase orders require written confirmation.

Examining Procedure 2: Verify That There Is a Proper Receiving Document

---

Elements of a Proper Obligating Document

A proper obligating document contains:

- The necessary appropriation or funding code
- The necessary accounting classifications
- Terms of the transaction that are needed to check for proper, legal, correct payment
- A brief description of the goods or services to be received
- The vendor's complete name and address and payment address if it is different from the selling address.

Help

For help in verifying that there is a proper obligating document, use the following procedures:

Step	Procedure
1	Verify that the document is an appropriate form for the type of expenditure involved.
2	Verify that there is appropriate written confirmation for an oral purchase order.
3	Verify that the written confirmation for an oral purchase order is marked: "CONFIRMATION ORDER - DO NOT DUPLICATE. Order placed verbally on ______ (date) with ____ (vendor's employee)."
4	Verify that the elements of a proper obligating document appear.
5	Follow the procedures on page 2.7 if there is any question about the propriety of the obligating document.

Examining Procedure 3: Verify That There Is a Proper Receiving Document

What You Need to Know

To verify that there is a proper receiving document, you need to know the:

- Definition of a receiving document
- Types of receiving documents
- Elements of a proper receiving document.

Definition of a Receiving Document

A receiving document is written evidence of the receipt of goods or services.

Exceptions:

- Subscriptions to newspapers, magazines, and other periodicals. Acceptable evidence of receipt is the notation "receiving copy" on the purchase order.
- Post office box rental.

Types of Receiving Documents

Receiving documents include a(n):

- Receiving report
- Shipping document
- Memo from an individual who is authorized to receive the goods or services
- Annotated invoice.

Examining Procedure 3: Verify That There Is a Proper Receiving Document

---

Elements of a Proper Receiving Document

A proper receiving document contains:

- Evidence of receipt of goods or services
- Evidence of acceptance of goods or services, as appropriate
- The signature of an agency representative authorized to receive the goods or services

  Note: It is not necessary to check signatures against signature cards.

- A list of the goods or services received.

Help

For help in verifying that there is a proper receiving document, use the following procedures:

Step	Procedure
1	Verify that there is written evidence of receipt of goods or services.
2	Verify that there is evidence of acceptance of goods or services, as appropriate.
3	Verify that the receiving document has been signed by an authorized agency representative.
4	Verify that the receiving document lists the goods or services received.
5	Contact the person responsible for receiving the goods or services if any of the preceding items are missing.

Examining Procedure 4: Verify That Special Certificates Are Furnished as Necessary

---

What You Need to Know

To verify that required special certificates are furnished, you need to know:

- What special certificates are required for any payment you are preauditing for approval

  Examples of special certificates include:

  - Quality assurances or inspection reports, as appropriate
  - Weight certificates
  - Affidavits stating that advertising actually appeared
  - SF-1094, "United States Tax Exemption Certificate." (See appendix 3 for more information.)

- Agency sources for any missing special certificates

  Examples of agency sources include:

  - The official responsible for the mission being served
  - An official delegated by the head of the agency
  - The procurement officer involved.

- Rules for any special certificate you process.

Examining Procedure 4: Verify That Special Certificates Are Furnished as Necessary

---

Help

For help in verifying that special certificates are furnished as necessary, use the following procedures:

Step	Procedure
1	Identify any special certificates required for payments you preaudit.
2	Identify the source of each type of special certificate required.
3	Contact that source whenever a required special certificate is missing.
4	Follow applicable rules for any special certificate you must process.
5	Arrange for any required special certificate to accompany the payment.

Overview

Introduction

This chapter presents the basic examining procedures and general information that you need to check for proper payment.

It covers procedures 5 through 11 of the general examining procedures and basis for certification.

Contents of Chapter 2

Chapter 2 discusses the following basic information and examining procedures:

For Information on...	See Page...
Examining Procedure 5: Verify that the expenditure was authorized.	2.26
Examining Procedure 6: Verify that the goods or services were received.	2.29
Examining Procedure 7: Verify that the delivery or performance was in accordance with the terms of agreement.	2.32
Examining Procedure 8: Verify that the payment was approved.	2.35
Examining Procedure 9: Verify that the payment is in accordance with the terms of agreement.	2.36
Examining Procedure 10: Verify that the payment is not a duplicate.	2.37
Examining Procedure 11: Verify that the name and address of the payee are correct.	2.38

Examining Procedure 5: Verify That the Expenditure Was Authorized

---

Steps in the Procedure

There are two steps in verifying that the expenditure was authorized. Because these steps each have substeps that you must follow, each step is discussed separately.

For Information on...	See Page...
Step 1: Verify that this is the expenditure that was authorized.	2.27
Step 2: Verify that the authorization was appropriate.	2.28

Examining Procedure 5: Verify That the Expenditure Was Authorized

Step 1: Verify that this is the expenditure that was authorized

---

What You Need to Know

To verify that this is the expenditure that was authorized, you need to know whether the language that describes the expenditure on the billing document is essentially the same as the language on the obligating document.

Help

For help in verifying that this is the expenditure that was authorized, use the following procedures:

Step	Procedure
1	Compare the invoice or request for payment with the obligating document.
2	Determine whether the expenditure described on the billing document is essentially that described on the obligating document.
3	Follow the procedures on page 2.7 if there is any question that this is the expenditure that was authorized.

Examining Procedure 5: Verify That the Expenditure Was Authorized

Step 2: Verify that the authorization was appropriate

What You Need to Know

To verify that the authorization of the expenditure was appropriate, you need to know who in your agency is delegated to authorize the expenditures you preaudit.

The rules on authorizing expenditures include:

- Agency representatives are delegated to authorize specific types and amounts of expenditures.
- An obligating document must be signed by an agency representative delegated to authorize the type of transaction involved.
- Special delegation is required to authorize advertising, telephone, and travel expenditures.

Help

For help in verifying that authorization of the expenditure was appropriate, use the following procedures:

Step	Procedure
1	Verify that the obligating document has an authorizing signature.
2	Verify that the person who authorized the expenditure was delegated to do so.
3	Follow the procedures on page 2.7 if there is any question about the authorization of the expenditure.

Examining Procedure 6: Verify That the Goods or Services Were Received

Steps in the Procedure

There are two steps in verifying that the goods or services were received. Because these steps each have substeps that you must follow, each step is discussed separately.

For Information on...	See Page...
Step 1: Verify that the goods or services were actually received.	2.30
Step 2: Verify that the goods or services received are those that were ordered.	2.31

Examining Procedure 6: Verify That the Goods or Services Were Received

Step 1: Verify that the goods or services were actually received

---

What You Need to Know

To verify that the goods or services were actually received, you need to know that goods or services must be received before payment can be made.

o Exceptions include:

- Subscriptions to periodicals
- Post Office box rentals.

Help

For help in verifying that the goods or services were actually received, follow the procedures for verifying that there is a proper receiving document on page 2.22.

Examining Procedure 6: Verify That the Goods or Services Were Received

Step 2: Verify that the goods or services received are those that were ordered

---

What You Need to Know

To verify that the goods or services received are those that were ordered, you need to know:

- Whether the receiving document lists the goods or services substantially as the obligating document does
- The rules on substitutions:
  - If substitutions are made, they must be stated on the receiving document and the invoice must reflect the substitution.
  - Substitutions must be approved by an authorized official.

Help

For help in verifying that the goods or services received are those that were ordered, use the following procedures:

Step	Procedure
1	Compare the receiving document with the obligating document.
2	Verify that the description of goods or services is essentially the same on both documents.
3	Look for an authorizing official's approval of any substitutions that appear on the receiving document.
4	Verify that the invoice or request for payment reflects any substitution of goods or services.
5	Follow the procedures on page 2.7 if you have any question about the receipt of goods or services for which funds were obligated.

Examining Procedure 7: Verify That the Delivery or Performance Was in Accordance with the Terms of Agreement

---

What You Need to Know

To verify that delivery or performance was in accordance with the terms of agreement, you need to know the:

- Items that must agree across the obligating, receiving, and billing documents
- Common transportation terms
- Rules on transportation charges
- Rules on parcel post shipments.

Items That Must Agree Across Documents

The items that must agree across the obligating, receiving, and billing documents include the:

- Delivery date
- Method of delivery
- Transportation terms and charges
- Condition of any goods received.

Examining Procedure 7: Verify That the Delivery or Performance Was in Accordance with the Terms of Agreement

Common Transportation Terms

Common transportation terms include:

- FOB Origin - The government pays the freight charge from the point of origin.
- FOB Destination - The government does not pay the freight charge.
- FOB Shipping Point - The merchandise is delivered to a specified place free of freight charge. Then the government pays the freight charge from this location to the destination.

Note: See appendix 1 for definitions of additional transportation terms.

Rules on Transportation Charges

Rules on transportation charges include:

- If the purchase price of an item includes delivery, "destination" must appear in the "FOB point" block on the purchase order.

  Note: This alerts the voucher examiner to delete any transportation charges that may be on the invoice.

- If goods are ordered FOB destination, the government is not responsible for the items until the shipment is delivered to the designated location.
- If goods are ordered FOB shipping point, the government assumes ownership and all liability once the item leaves the shipping point.

Rules on Parcel Post Shipments

The rules on parcel post shipments include:

- When the obligating document calls for shipment by parcel post, the document should be stamped, "DO NOT INSURE AT GOVERNMENT EXPENSE."
- Delete any insurance charges included with parcel post costs.

Examining Procedure 7: Verify That the Delivery or Performance Was in Accordance with the Terms of Agreement

---

Help For help in verifying that delivery or performance was in accordance with the terms of agreement, use the following procedures:

Step	Procedure
1	Compare transportation charges on the obligating and billing documents.
2	Compare delivery dates, methods of delivery, and transportation terms and charges that appear on the obligating and receiving documents.
3	Check the receiving document to determine whether damaged goods were received.
4	Follow examining procedure 20 if damaged goods were received.
5	Follow the procedures on page 2.7 if there is any question about whether delivery or performance was in accordance with the terms of agreement.

Examining Procedure 8: Verify That the Payment Was Approved

What You Need to Know

To verify that payment was approved, you need to know:

- Who is authorized to approve the obligation
- Who is authorized to accept the goods or services, when appropriate.

Help

For help in verifying that payment was approved, use the following procedures:

Step	Procedure
1	Verify that the obligating document was properly authorized.
2	Verify that there is evidence of acceptance of the goods or services, as appropriate.
3	Follow the procedures on page 2.7 if there is any question about whether payment has been approved.

Examining Procedure 9: Verify That the Payment Is in Accordance with the Terms of the Agreement

---

What You Need to Know

To verify that the payment is in accordance with the terms of the agreement, you need to know that the billing document and obligating document must agree on terms affecting payment.

Help

For help in verifying that the payment is in accordance with the terms of the agreement, use the following procedures:

Step	Procedure
1	Compare the billing and obligating documents.
2	Verify that the following terms agree across the two documents: o Description, quantities, and unit prices of goods and services Note: See examining procedure 18 on page 2.54 for more information on examining quantities and unit prices. o Transportation charges o Payment terms o Discount terms. Note: See examining procedure 21 on page 2.70 for more information on discounts.
3	Follow the procedures on page 2.7 if the two documents disagree on any of these items.

Examining Procedure 10: Verify That the Payment Is Not a Duplicate

---

Help For help in avoiding duplicate payments, use the following procedures:

Step	Procedure
1	Pay on the basis of the original invoices.
2	Stamp vouchers or voucher-schedules and supporting documents "PAID" when payment is approved.
3	Watch for duplicate copies of invoices sent by vendors as follow-up claims when payments have been delayed.
4	Follow agency procedures for avoiding duplicate payments when it is necessary to use a duplicate invoice.
5	Keep a record of partial and progress payments.
6	Do not pay on the basis of a statement unless the vendor does not prepare invoices.
7	When you pay on the basis of a statement, check the vendor's file to verify that the items or services were not paid for previously.

Examining Procedure 11: Verify That the Name and Address of the Payee Are Correct

---

What You Need to Know

To verify that the name and address of the payee are correct, you need to know the rules on a payee's name and address:

- The complete name and address of the payee are needed for payment.
- The name and address of the payee on the billing document must agree with the name and address of the payee on the obligating document.

Note: The vendor may have a payment office at a different location from the office which made the agreement. In such cases, the payment office should be specified on the obligating document.

Help

For help in verifying that the name and address of the payee are correct, use the following procedures:

Step	Procedure
1	Look for the payee's complete name and address (including the zip code) on the billing document.
2	If the zip code is missing, obtain it from the directory and put it on the billing document.
3	Verify that the payee's complete name and address on the billing document agrees with the information on the obligating document.
4	Follow the procedures on page 2.7 if there is any question about the correct name and address of the payee.

Overview

Introduction

This chapter presents the basic examining procedures and general information you need to check for legal payment.

It covers procedures 12 through 17 of the general examining procedures and basis for certification.

Note: Your office will check for legal payment when it examines the obligating document. This is done to avoid an obligation that would result in an illegal payment.

Overview

Contents of Chapter 3

Chapter 3 discusses the following basic information and examining procedures:

For Information on...	See Page...
Examining Procedure 12: Verify that the payment is authorized by the appropriation or fund cited.	2.41
Examining Procedure 13: Verify that the payment is in no way prohibited by current applicable laws, regulations, and directives.	2.45
Examining Procedure 14: Verify that the payment is within any legal limits to the expenditure.	2.47
Examining Procedure 15: Verify that the payment is compatible with any legal and regulatory specifications for the expenditure.	2.49
Examining Procedure 16: Verify that the obligation was incurred during the time period for which the appropriation was available.	2.51
Examining Procedure 17: Verify that adequate funds are available for payment.	2.52

Examining Procedure 12: Verify That the Payment Is Authorized by the Appropriation or Fund Cited

---

What You Need to Know

To verify that the payment is authorized by the appropriation or fund cited, you need to know:

- The definition of an appropriation

  An appropriation is an authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes.

- Whether the appropriation or fund cited on an obligating document authorizes the proposed expenditure

- Where to find information on the scope of an appropriation or fund to verify whether it authorizes a proposed expenditure.

Help

For help in verifying that the payment is authorized by the appropriation or fund cited, use the:

- Job aid for checking for legal payment on page 2.42 to record the:
  - Authorizations related to the payments you preaudit
  - Sources where these authorizations are found.

- Procedures for verifying that payment is authorized by the appropriation or fund cited on page 2.44.

Job Aid: Checking for Legal Payment

Introduction

Use this job aid with examining procedures 12 through 15 to document the sources that determine the legality of the payments you preaudit.

Purpose

This job aid will help you keep track of all the current, applicable laws, regulations, and directives that affect the payments you preaudit.

Sources for Determining Legality of Payment

Sources for determining the legality of payment include:

- Your agency's directives
- The law establishing your agency
- Statutes that authorize appropriations
- General and special provisions of the appropriation
- Special laws concerning your agency's activities or this type of payment
- Applicable Treasury, GAO, GSA, and OMB directives and decisions
- Comptroller General's decisions
- Federal Acquisition Regulations.

Job Aid: Checking for Legal Payment

Instructions

1. Record each authorization, prohibition, limit, and specification related to the payments you preaudit.

2. Record the source of each.

   Note: Laws, regulations, and directives may be included in your agency's directives.

3. Consult your supervisor if you have difficulty identifying the information that goes in this job aid.

Job Aid: Checking for Legal Payment

	Authorization, Prohibition, Limit, or Specification	Source
Example:	Current cost limits for specific expenditures	Office file of relevant CG decisions

Examining Procedure 12: Verify That the Payment Is Authorized by the Appropriation or Fund Cited

---

Procedures for Verifying That Payment Is Authorized by the Appropriation or Fund Cited

To verify that payment is authorized by the appropriation or fund cited, use the following procedures:

Step	Procedure
1	Verify the type of expenditure involved.
2	Note the appropriation code on the obligating document.
3	Review your information on the authorized purposes of the appropriation or fund cited. Note: Consult your job aid for checking for legal payment.
4	Determine whether the purpose of the expenditure falls within the scope of the appropriation or fund cited.
5	Follow the procedures on page 2.7 if there is any question about whether the expenditure is authorized by the appropriation or fund cited.

Examining Procedure 13: Verify That the Payment Is in No Way Prohibited by Current Applicable Laws, Regulations, and Directives

---

What You Need to Know

To verify that the payment is in no way prohibited by current applicable laws, regulations, and directives, you need to know:

- Any prohibitions that apply to the expenditures you preaudit for approval
- The types of prohibitions, which include:
  - Expenditures to certain categories of recipients

    Example: Pay for striking government employees
  - Expenditures for certain purposes

    Example: Use of a chauffeur for non-government travel
  - Certain types of expenditures

    Example: Unauthorized use of one's personal car for travel on government business.

Help

For help in verifying that the payment is in no way prohibited by current applicable laws, regulations, and directives, use the:

- Job aid for checking for legal payment on page 2.42 to record:
  - Any prohibitions related to the payments you preaudit
  - The source of each prohibition.
- Procedures for verifying that payment is not prohibited on page 2.46.

Examining Procedure 13: Verify That the Payment Is in No Way Prohibited by Current Applicable Laws, Regulations, and Directives

---

Procedures for Verifying That Payment Is Not Prohibited

For help in verifying that the payment is not prohibited, use the following procedures:

Step	Procedure
1	Verify the type of expenditure involved.
2	Review any prohibitions on the type of expenditure.
3	Determine whether any prohibition applies to the payment.
4	Follow the procedures on page 2.7 if there is any question about whether a prohibition applies to the payment.

Examining Procedure 14: Verify That the Payment Is Within Any Legal Limits to the Expenditure

---

What You Need to Know	To verify that the payment is within any legal limits to the expenditure, you need to know: o Any limits that apply to the expenditures you preaudit for approval. o Types of limitations, which include: - Limits on the amount that can be spent for a specific purpose - Requirements that potential recipients must meet before they can receive payment.
Help	For help in verifying that the payment is within any legal limits to the expenditure, use the: o Job aid for checking for legal payment on page 2.42 to record: - Any limits related to the payments you preaudit - The source of each limit. o Procedures for verifying that payment is within any legal limits on page 2.48.

Examining Procedure 14: Verify That the Payment Is Within Any Legal Limits to the Expenditure

---

Procedures for Verifying That Payment Is Within Any Legal Limits

For help in verifying that payment is within any legal limits, use the following procedures:

Step	Procedures
1	Verify the type of expenditure involved.
2	Review any limitations on the type of expenditure.
3	Determine whether any limitation applies to the payment.
4	Follow the procedures on page 2.7 if there is any question about whether a limitation applies to the payment.

Examining Procedure 15: Verify That the Payment Is Compatible with Any Legal and Regulatory Specifications for the Expenditure

---

What You Need to Know

To verify that the payment is compatible with any legal and regulatory specifications for the expenditure, you need to know:

- Any specifications that apply to the expenditures you preaudit for approval.
- Types of specifications, which include:
  - What the item or service should be like
  - What the item or service could be used for
  - Where the item or service should be obtained.

Mandatory Sources of Supply

There are several types of specifications. For example, the law prescribes certain mandatory sources of supply. An agency must use one of the following sources if it provides a needed item or service:

- Excess personal property within the agency or another government agency
- Federal Supply Store stocks
- "Federal Supply Schedule" contracts
- Government Printing Office
- Federal Prison Industries
- National Industry for the Blind
- District of Columbia Government Laundry Service
- Others prescribed from time to time in new statutes or executive directives.

Note: If an item or service is unavailable from a mandatory source or the timing for delivery presents a major problem, a waiver to obtain the item or service on the open market can be obtained. The waiver requires written justification.

Examining Procedure 15: Verify That the Payment Is Compatible with Any Legal and Regulatory Specifications for the Expenditure

---

Help

For help in verifying that the payment is compatible with any legal and regulatory specifications for the expenditure, use the:

- o Job aid for checking for legal payment on page 2.42 to record:
  - Any specifications related to the payments you preaudit
  - The source of each specification.
- o Procedures for verifying that payment is compatible with any specifications for the expenditure that follow.

Procedures for Verifying That Payment Is Compatible with Any Specifications for the Expenditure

For help in verifying that payment is compatible with any specifications for the expenditure, use the following procedures:

Step	Procedure
1	Note the type of expenditure involved.
2	Review any specifications for the type of expenditure.
3	Determine if any of these specifications apply to the payment.
4	Follow the procedures on page 2.7 if there is any question about whether a specification applies to the payment.

Examining Procedure 16: Verify That the Obligation Was Incurred During the Time Period for Which the Appropriation Was Available

What You Need to Know

To verify that the obligation was incurred during the time period for which the appropriation was available, you need to know the:

- Time period for which the appropriation was available.
  - The fiscal year runs from October 1 through September 30 of the year listed.

    Example: FY85 = October 1, 1984 - September 30, 1985

  Note: Appropriations are available for varying lengths of time.

  Examples: One fiscal year, more than one fiscal year, indefinite time period

- Date when the obligation was incurred.

Help

For help in verifying that the obligation was incurred during the time period for which the appropriation was available, use the following procedures:

Step	Procedure
1	Verify the starting and ending dates for the appropriation.
2	Note the date on the obligating document.
3	Determine whether the obligation falls within the time period for the appropriation.
4	Follow the procedures on page 2.7 if there is any question about whether the obligation was incurred during the time period for which the appropriation was available.

Examining Procedure 17: Verify That Adequate Funds Are Available for Payment

---

What You Need to Know

To verify that adequate funds are available for the payment, you need to know that:

- Another office in your agency will provide information on the current availability of funds under an appropriation or fund.
- This information may go directly into the computer under an automated review system.

Help

For help in verifying that adequate funds are available for the payment, use the following procedures:

Step	Procedure
1	Verify the presence of information on the current availability of funds under the appropriation or fund involved.
2	Do not process a request for payment until funds are available for the payment.
3	Follow the procedures on page 2.7 if there is any question about the availability of funds for the payment.

Overview

Introduction

This chapter presents the basic examining procedures and general information that you need to check for correct payment.

It covers procedures 18 through 23 of the general examining procedures and basis for certification.

Contents of Chapter 4

Chapter 4 discusses the following basic information and examining procedures:

For Information on...	See Page...
Examining Procedure 18: Verify that the quantities, unit prices, and amounts are accurate and arithmetically correct.	2.54
Examining Procedure 19: Verify that the amount of payment is accurate and arithmetically correct.	2.58
Examining Procedure 20: Determine whether a deduction can be taken.	2.67
Examining Procedure 21: Determine whether a time discount can be taken.	2.70
Examining Procedure 22: Determine whether prompt payment can be made.	2.75
Examining Procedure 23: Determine whether an interest penalty must be paid.	2.86

Examining Procedure 18: Verify That the Quantities, Unit Prices, and Amounts Are Accurate and Arithmetically Correct

Steps in the Procedure

There are two steps in verifying that the quantities, unit prices, and amounts are accurate and arithmetically correct. Because these steps each have substeps that you must follow, each step is discussed separately.

For Information on...	See Page...
Step 1: Verify that the quantities and unit prices are accurate.	2.55
Step 2: Verify that the quantities, unit prices, and amounts are arithmetically correct.	2.57

Examining Procedure 18: Verify That the Quantities, Unit Prices, and Amounts Are Accurate and Arithmetically Correct

Step 1: Verify that the quantities and unit prices are accurate

---

What You Need to Know

To verify that the quantities and unit prices are accurate, you need to know the:

- o Rules on quantities
- o Rules on prices.

Rules on Quantities

The rules on quantities include:

- o Your agency cannot be billed for more than the quantity authorized.
- o Your agency can be billed for less than the quantity authorized, if it receives less than what was authorized.
- o If your agency receives more than the quantity authorized, do not pay for the additional goods or services unless you are authorized to do so by the obligating office.

Examining Procedure 18: Verify That the Quantities, Unit Prices, and Amounts Are Accurate and Arithmetically Correct

Step 1: Verify that the quantities and unit prices are accurate

---

Rules on Prices

The rules on prices include:

- The price on the billing document must be the same or less than the price on the obligating document.
- If there is a contract, the purchase order must agree with the contract on price.
- Generally, where prices vary between the billing and obligating documents, the government will pay the lower amount.

Note: Consult your agency's guidelines.

Help

For help in verifying that quantities and unit prices are accurate, use the following procedures:

Step	Procedure
1	Compare the billing, obligating, and receiving documents.
2	Verify that the quantities and unit prices on the three documents agree.
3	Follow the rules on quantities and prices if the three documents do not agree on these items.
4	Follow the procedures on page 2.7 if you are unable to apply the rules on quantities or prices.

Examining Procedure 18: Verify That the Quantities, Unit Prices, and Amounts Are Accurate and Arithmetically Correct

Step 2: Verify that quantities, unit prices, and amounts are arithmetically correct

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Help For help in verifying that quantities, unit prices, and amounts are arithmetically correct, use the following procedures:

Step	Procedure
1	Compare the billing, obligating, and receiving documents.
2	Verify that the quantity ordered times the unit price equals each individual line item on all three documents.
3	Verify that any difference among the three documents is an arithmetic error.
4	Pay the correct amount if any difference is an arithmetic error.
5	Follow the procedures on the preceding page if the difference among the three documents is not due to arithmetic error.

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

---

Steps in the Procedure

There are two steps in verifying that the amount of the payment is accurate and arithmetically correct. Because these steps each have substeps that you must follow, each step is discussed separately.

For Information on...	See Page...
Step 1: Verify that the amount of payment is accurate.	2.59
Step 2: Verify that the amount of payment is arithmetically correct.	2.65

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

Step 1: Verify that the amount of payment is accurate

What You Need to Know

To verify that the amount of payment is accurate, you need to know the:

- Special types of payment and their requirements
- Necessary adjustments to payment.

Special Types of Payment

The special types of payment include:

- Consolidated payment
- Partial payment
- Progress payment
- Recurrent payment
- Supplemental payment.

Each of these items is discussed below.

Consolidated Payment

Definition - A consolidated payment is a single payment consolidating several invoices. It minimizes the number of Treasury checks issued.

Requirements -

- The payment must be made to a single office of the vendor.
- The payment can be made on behalf of only one agency.
- Consolidated payment is agreeable to the vendor.
- The government will not lose any discount by consolidating payments.

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

Step 1: Verify that the amount of payment is accurate

Partial Payment

Definition - A partial payment is a payment of part of the money owed. It is made as the vendor delivers goods or services acceptable to the government and before the entire contract is fulfilled.

A partial payment usually is made when there is a question about whether the vendor will deliver the rest of the order.

Requirement - Keep a record of partial payments to build a complete history of payments and to prevent duplicate payments.

Progress Payment

Definition - A progress payment is a payment made to the vendor as work progresses under the agreement.

These payments are based on costs incurred, the percent of work completed, or the stage of completion.

Requirement - Keep a record of progress payments to build a complete history of payments and to prevent duplicate payments.

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

Step 1: Verify that the amount of payment is accurate

Recurrent Payment

Definition - A recurrent payment is a payment of fixed amounts at regular intervals without an invoice.

Requirements -

- The agreement for recurrent payments must be current.
- The following information must be verified:
  - The period covered by the agreement
  - The name and address of the payee
  - The amount of the payment
  - The accounting classification
  - The fact that the payment is not a duplicate
  - The fact that services were performed or goods were delivered.

Supplemental Payment

Definition - A supplemental payment is a payment made when the vendor has been underpaid or an erroneous billing document was presented for payment.

Requirements -

- Review the original supporting documents to verify the validity of the additional payment.
- Do not go beyond verification of the source documents if the underpayment is due to an obvious oversight or price extension.
- Conduct the regular preaudit process if the payment involves additional claims by the vendor.
- Conduct appropriate cross-referencing.

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

Step 1: Verify that the amount of payment is accurate

Necessary Adjustments in Payment

Adjustments in payment are necessary if there is a(n):

- o Partial payment (See page 2.60.)
- o Progress payment (See page 2.60.)
- o Advance payment
- o Disallowance
- o Allowable deduction
- o Discount
- o Interest penalty.

Each of these items is discussed below.

Advance Payment

Definition - An advance payment is a loan of money to the vendor by the government in anticipation of complete performance under the agreement(s).

Requirement - Deduct any advance payments from the final payment.

Disallowance

Definition - A disallowance is a deduction made for an improper charge.

Requirements -

- o Notify the vendor of the reason for the disallowance and the amount involved.
- o This notification can be put on the mailer copy of the invoice transmitted to the payee with the payment check.
- o A copy of the notification should be kept with the original "PAID" copy of the voucher.

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

Step 1: Verify that the amount of payment is accurate

Allowable Deduction	See examining procedure 20 on page 2.67 for the definition of allowable deductions and their requirements.
Discount	Definition - A discount is a reduction in payment offered by the vendor if certain conditions are met. Requirements- o Take all cash, trade, quantity, or other discounts. o If you do not take a discount, state the reason on the voucher. Note: See examining procedure 21 on page 2.70 for information on time discounts.
Interest Penalty	See examining procedure 23 on page 2.86 for information on interest penalties.

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

Step 1: Verify that the amount of payment is accurate

Help For help in verifying that the amount of payment is accurate, use the following procedures:

Step	Procedure
1	Determine what type of special payment is involved, if any.
2	Verify that the requirements for any special payments are met.
3	Make necessary adjustments in the payment for any: o Partial payments o Progress payments o Advance payments o Disallowances o Allowable deductions o Discounts o Interest penalties.
4	Follow the procedures on page 2.7 if there is any question about whether the amount of the payment is accurate.

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

Step 2: Verify that the amount of payment is arithmetically correct

What You Need to Know

To verify that the amount of payment is arithmetically correct, you need to know the:

- Rules for correcting voucher underclaims
- Rule for payment in foreign currency.

Rules for Correcting Voucher Underclaims

The rules for correcting voucher underclaims include:

- Make corrections on underclaimed vouchers up to the limit currently allowed.
- Make corrections only for minor errors in computation or extensions on vouchers otherwise proper for payment.

Rule for Payment in Foreign Currency

The rule for payment in foreign currency states that vouchers shall show United States dollar equivalent and the appropriate rate of exchange, if known.

Examining Procedure 19: Verify That the Amount of Payment Is Accurate and Arithmetically Correct

Step 2: Verify that the amount of payment is arithmetically correct

---

Help

For help in verifying that the amount of payment is arithmetically correct, use the following procedures:

Step	Procedure
1	Compare the billing, obligating, and receiving documents.
2	Verify that individual line items on all three documents add up to the total amounts listed.
3	Verify that any difference among the three documents is an arithmetic error.
4	Make any allowable corrections necessary on an underclaimed voucher.
5	Follow the rule for payment in foreign currency, if appropriate.
6	Follow the procedures on page 2.7 if there is any question about whether the amount of payment is arithmetically correct.

Examining Procedure 20: Determine Whether a Deduction Can Be Taken

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What You Need to Know

To determine whether a deduction can be taken, you need to know the:

- Definition of a deduction
- Bases for taking a deduction.

Definition of a Deduction

A deduction is a reduction in the payment the vendor requested.

Bases for Taking a Deduction

The bases for taking a deduction include:

- Errors in computations
- Cash, trade, and quantity discounts
- Receipt of a lesser quantity of goods or services than funds were obligated for
- Special allowances
- Improper charges

  Examples: Insurance on parcel post

  Transportation charge the vendor should have paid
- Quality problems with the goods or performance.

Examining Procedure 20: Determine Whether a Deduction Can Be Taken

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Help

For help in determining whether a deduction can be taken, use the:

- Procedures for taking a deduction on this page
- Procedures to follow for damaged goods or unsatisfactory performance on page 2.69.

Procedures for Taking a Deduction

The procedures for determining whether a deduction can be taken include:

Step	Procedure
1	Determine whether a deduction is appropriate.
2	Correctly calculate the deduction.
3	Attach to the voucher a letter justifying the deduction.
4	Follow the procedures on page 2.7 if you have any question about taking a deduction.

Examining Procedure 20: Determine Whether a Deduction Can Be Taken

Procedures to Follow for Damaged Goods or Unsatisfactory Performance

The procedures to follow for damaged goods or an unsatisfactory performance include:

Step	Procedure
1	Do not pay the list price if the receiving document notes quality problems with the goods or services.
2	Ask the procurement officer to negotiate the price if he or she has not done so already.
3	Determine whether the negotiated price must be approved by the general counsel of your agency.
4	Verify that the negotiated price has been approved by the general counsel in your agency, if appropriate.

Examining Procedure 21: Determine Whether a Time Discount Can Be Taken

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What You Need to Know

To determine whether a time discount can be taken, you need to know the:

- Purpose of time discounts
- Rules for determining time discounts
- Definitions of terms related to time discounts.

Purpose of Time Discounts

The purpose of time discounts is to encourage the quick payment of bills.

Examining Procedure 21: Determine Whether a Time Discount Can Be Taken

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Rules for Determining Time Discounts

The rules for determining time discounts include:

- Rules on when to take a time discount -
  - Take a time discount when the terms yield an annual interest rate equal to or more than the current Treasury effective annual interest rate.

    Generally, a time discount will be taken because the terms tend to be more favorable than the federal borrowing rate.
  - Follow any additional agency requirements.
- Rules on which discount terms to use -
  - Do not overlook discount terms that appear only on the obligating document.
  - If discount terms on the obligating and billing documents disagree, take the discount terms on the obligating document.

    Exception: If the invoice offers more generous terms, accept them.
- Rule on when the discount period begins -
  - The discount period begins the day the designated payment office receives an invoice authorized for payment or accepts the goods or services.

    Exception: An exception exists if the contract or invoice specify otherwise.
- Rule on when to pay a discounted bill -
  - Pay a discounted bill as close as possible to the discount date, but not later than the discount date.

Examining Procedure 21: Determine Whether a Time Discount Can Be Taken

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Definitions of Terms Related to Time Discounts

Terms related to time discounts that you should know include:

- Discount Terms - Discount terms are expressed in the following form: Amount of cash discount/date of its expiration -- final due date.

  Example: 2/10 net 30 (also written as 2 percent, 10 days, net 30 days)

  This means that a 2 percent cash discount is allowed if payment is made within 10 days of the invoice date.

  It also means that payment is due 30 days after the invoice date if the cash discount is not taken.

- Treasury Effective Annual Interest Rate - This is the annual interest rate at which the Treasury borrows money. It is calculated semiannually.

  Its official name is the Renegotiation Board Interest Rate. It is published in the Federal Register and appears semiannually on or about January 1st and July 1st.

- Discount Date - This is the date by which a specified discount can be taken if payment is made.

  It is calculated from the day that the agency receives an invoice authorized for payment, unless otherwise specified.

Help

For help in determining whether a time discount can be taken, use the:

- Procedures for taking a time discount on page 2.73
- Conversion formula from the Treasury Fiscal Requirements Manual for converting discount terms to the effective annual interest rate found on page 2.74.

Examining Procedure 21: Determine Whether a Time Discount Can Be Taken

Procedures for Taking a Time Discount

For help in determining whether a time discount can be taken, use the following procedures:

Step	Procedure
1	Convert the discount terms to the effective annual interest rate.
2	Locate the current Treasury effective annual interest rate.
3	Compare the converted discount terms to the current Treasury effective annual interest rate.
4	Arrange to take the discount if the converted discount terms are equal to or more than the current Treasury annual rate.
5	Follow any additional agency requirements.
6	Monitor invoices that offer time discounts to ensure meeting discount dates.

Examining Procedure 21: Determine Whether a Time Discount Can Be Taken

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Conversion Formula The conversion formula from the Treasury Fiscal Requirements Manual for converting discount terms to the effective annual interest rate is:

$$\frac{\text{Discount (Percent)}}{\text{100 Percent Minus Percent of Discount}} \times \frac{\text{Days in Year}}{\text{Number of Days from Date of Receipt of Proper Invoice to Due Date Minus Number of Days Within Which You Can Receive a Discount}} = \text{Effective Annual Interest Rate}$$

Example: Discount Terms = 1/2 percent (.005) in 10 days, net 30 days

$$\frac{.005}{1.00 - .005} \times \frac{365}{30 - 10} = .09 \text{ or } 9 \text{ percent}$$

Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

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What You Need to Know

To determine whether prompt payment can be made, you need to know the:

- Requirements of the Prompt Payment Act
- Relation of timely payment to cash management
- Rules for determining due dates
- Definitions of time elements used in determining due dates
- Prompt payment standards for documents.

Each of these items is discussed below.

Requirements of the Prompt Payment Act

Under the Prompt Payment Act, federal agencies are required to:

- Pay their bills on time
- Pay interest penalties for late payments
- Take a discount only when payment is made within the discount period.

Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

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Relation of Timely Payment to Cash Management

Agencies must balance the timely payment requirement with sound cash management principles.

- o Timely payment requirements:
  - Make payments as close to the due date as possible or as close to the discount date as possible.
  - Base payment on the receipt of a proper billing document and the satisfactory performance of the terms on the obligating document.
- o Cash management requirements:
  - Make payments as close to the due date or discount date as possible to avoid disbursing Treasury funds sooner than is necessary.
  - Take discounts only when it is cost effective to do so.

Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

Rules for Determining Due Dates

The rules for determining due dates include:

- Make payments as close as possible to, but not later than, the 30th day after the receipt of a proper billing document, unless
  - A specific payment date is provided for
  - A time discount is taken
  - The goods involved are meat or meat products

    Note: Under the Supplemental Appropriations Act of 1984, poulty, meat, eggs, and egg food products are included under the definition of meat.
  - The goods involved are perishable agriculture commodities.
- If the goods are meat or meat products, make payments as close as possible to, but not later than, the 7th day after the date of delivery.
- If the goods are perishable agriculture commodities, make payments as close as possible to, but not later than, the 10th day after the date of delivery -- unless another date is specified in the contract.

Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

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Definitions of Time Elements Used in Determining Due Dates

The time elements used in determining due dates include:

- Due Date - This is the date on which payment should be made. It is a specified number of days from the date of receipt of a proper invoice, or the date on which the agency accepts the goods or services, whichever is later.
- Receipt of Proper Invoice Date - This is the date that a proper invoice is actually received in the designated payment office.
- Payment Date - This is the date on which the check for payment is dated or wire transfer is made.
- Grace Period - This is the fifteen days after the due date. No interest penalties are applicable if the invoice is paid within this period.

Prompt Payment Standards for Documents

Prompt payment standards for documents include:

- Obligating document must have:
  - Payment due date(s)
  - Separate payment dates for partial deliveries of goods or services
  - Statement that the Packers and Stockyard Act of 1921 or the Perishable Agriculture Commodities Act of 1930 applies, if applicable
  - Stated inspection period following delivery, where necessary
  - Information about the business concern and designated payment office
    - Name where practical
    - Title
    - Phone number
    - Complete mailing address.

Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

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Prompt Payment Standards for Documents — Continued

- Receiving document must have:
  - Contract or other authorization number
  - Description of goods or services
  - Quantities received, if applicable
  - Date(s) goods or services were accepted

    Note: Acceptance should occur promptly after receipt.

  - Signature, printed name, title, phone number, and mailing address of the receiving official

- Invoice must have:
  - Name of vendor
  - Invoice date
  - Contract number or other authorization for delivery of goods or services
  - Description, price, and quantity of goods or services actually delivered
  - Shipping and payment terms
  - Any other necessary supporting documentation required by obligating document
  - Name, title, phone number, and complete mailing address of payee.

Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

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Help

For help in determining whether prompt payment can be made, use the:

- Procedures for making prompt payment that follow.
- Table of common difficulties and solutions for agency compliance with prompt payment requirements on page 2.81.

Procedures for Making Prompt Payment

For help in determining whether prompt payment can be made, use the following procedures:

Step	Procedure
1	Determine whether proper supporting documents are present.
2	Arrange to obtain any proper supporting documents that are missing.
3	Verify the payment due date.
4	Determine whether timely payment can be made.
5	Make payment as close to the due date or discount date as possible.
6	See the procedures for calculating an interest penalty found on page 2.90 if timely payment cannot be made.

Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

Job Aid: Table of common difficulties and solutions for agency compliance with prompt payment requirements

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Introduction

This job aid will help you to recognize ways your agency is or can make prompt payments easier to achieve.

Purpose

Review the common difficulties and solutions in this table to:

- Identify which solutions are operative in your agency.
- Add additional solutions in the space provided.
- Identify which difficulties your agency is still resolving.

Note: You may want to share these proposed solutions with your supervisor if they appear applicable to your agency's situation.

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Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

Job Aid: Table of common difficulties and solutions for agency compliance with prompt payment requirements

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Job Aid: Table of Common Difficulties and Solutions for Agency Compliance with Prompt Payment Requirements

IF the problem is...	THEN possible manual or automated tracking and scheduling solutions are...
To avoid delayed receipt of input documents	Establish a tickler file based on the due date for payment. Establish a follow-up procedure to contact appropriate sources for documents or their status.
To identify and resolve defective invoices	Review invoices for conformity to prompt payment standards as soon as you receive them. (See page 2.79 for prompt payment standards for invoices.) Notify vendors of apparent errors, defects, or improprieties in these invoices within 15 days of receipt (three days for meat or meat products and five days for perishable agricultural commodities).

Job Aid: Table of Common Difficulties and Solutions for Agency Compliance with Prompt Payment Requirements — Continued

IF the problem is...	THEN possible manual or automated tracking and scheduling solutions are...
To identify payment due dates	Establish a tickler file based on the due date for payment.
To identify and take vendor discounts on time	Flag discounts. Use a tickler file to assure prompt payment.
To make timely payments	Schedule payment as close as possible to, but not later than, the due date or discount date. Review the tickler file often enough to meet deadlines and promptly resolve time delays.

Job Aid: Table of Common Difficulties and Solutions for Agency Compliance with Prompt Payment Requirements — Continued

IF the problem is...	THEN possible manual or automated tracking and scheduling solutions are...
To identify and compute interest penalties	Use a tickler file to identify payments that involve an interest penalty. See examining procedure 23 for the information you need to compute interest penalties and help in doing it.
To manage the cash flow	Schedule payment as close as possible to, but not later than, the discount date or 30 days after receipt of the invoice. Review the tickler file often enough to meet deadlines and promptly resolve time delays.

Examining Procedure 22: Determine Whether Prompt Payment Can Be Made

Job Aid: Table of common difficulties and solutions for agency compliance with prompt payment requirements

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Table of Common Difficulties and Solutions for Agency Compliance with Prompt Payment Requirements — Continued

IF the problem is...	THEN possible manual or automated tracking and scheduling solutions are...
To distribute the work flow among employees	Establish standards for the completion of work steps. Review employees' performance. Determine whether the solution to better compliance with prompt payment requirements is: - Changing the agency system - Changing work assignments - Additional training - Better individual motivation.
To avoid losing paperwork	Use a log to keep track of who has supporting documentation during payment processing. Establish time standards for receipt of supporting documents for a payment. Use a tickler file to follow up when a supporting document has not been received.

Examining Procedure 23: Determine Whether an Interest Penalty Must Be Paid

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What You Need to Know

To determine whether an interest penalty must be paid, you need to know the:

- Requirements for interest penalties
- Rules for calculating interest penalties
- Definitions of time elements used in calculating interest penalties
- Applicable interest rate.

Each of these items is discussed below.

Examining Procedure 23: Determine Whether an Interest Penalty Must Be Paid

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Requirements for Interest Penalties

The requirements for interest penalties include:

- Pay interest penalties without a request from the vender when the following conditions are met:
  - A contract or purchase order exists.
  - The government has accepted the goods or services.
  - A proper billing document has been received.
  - Payment was made to the vendor more than 15 days after the due date.

    Note: The grace period is less for meat, meat products, eggs, and perishable agriculture commodities.
  - The agency took a discount after the discount period expired and failed to correct this error within 15 days of the expiration date.
- Interest penalties are not required when the payment amount or contract compliance are in dispute.
- There are limits to the accrual of penalties:
  - Under the Prompt Payment Act, interest penalties do not continue to accrue
    - After a claim is filed under the Contract Disputes Act of 1978, or
    - After one year.

Examining Procedure 23: Determine Whether an Interest Penalty Must Be Paid

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Rules for Calculating Interest

Rules for calculating interest penalties include:

- Compute interest from the day after the due date through the actual payment date.
- Add interest penalties that remain unpaid for any 30-day period to the principal.

  This total will be the basis for calculating the penalty during the next 30-day period.
- When the agency fails to notify a vendor of an improper invoice within 15 days,
  - Reduce the number of days allowed for the payment of a corrected, proper invoice by the number of days between the 15th day and the day the vendor was notified.

    Example: There are 30 days to make payment.

    The vendor is notified of an improper invoice on the 18th day.

    The difference between 18 and 15 is 3.

    So the 30 days are reduced by 3.

    The due date is 27 days after the day the vendor was notified.
  - Calculate any interest penalties on the basis of the adjusted due date.
- When the agency takes a discount after the discount period, calculate interest on the amount of the discount taken.
- Use the prescribed Treasury annual interest rate in effect at the time payment is made.

Examining Procedure 23: Determine Whether an Interest Penalty Must Be Paid

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Definitions of Time Elements Used in Calculating Interest Penalties

See the definitions of time elements on page 2.78.

Applicable Interest Rate

When calculating interest penalties, the applicable interest rate is the Treasury effective annual interest rate. It is published in the Federal Register and appears semiannually on or about January 1 and July 1.

Help

For help in determining whether an interest penalty will have to be paid, use the:

- Procedures for calculating an interest penalty found on page 2.90.
- Example of interest penalty computation under the prompt payment act found on page 2.91.
- Example of a matrix interest table from the Navy Finance Center (including a contact for obtaining the current table) found on page 2.92.
- Julian calendar on page 2.93 to calculate lapsed time and due dates.

Examining Procedure 23: Determine Whether an Interest Penalty Must Be Paid

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Procedures for Calculating an Interest Penalty

For help in determining whether an interest penalty must be paid, use the following procedures:

Step	Procedure
1	Determine whether the request for payment meets the requirements for an interest penalty.
2	Determine whether the request for payment is an exception to payment of an interest penalty.
3	Determine whether the request for payment meets the limits for accruing an interest penalty.
4	Apply the rules for calculating an interest penalty, as appropriate.
5	Calculate the interest penalty using the example of interest penalty computation under the Prompt Payment Act found on page 2.91 or the matrix interest table from the Navy Finance Center (example on page 2.92).
6	Consult your supervisor if there is any question about calculating an interest penalty.

Examining Procedure 23: Determine Whether an Interest Penalty Must Be Paid

Example of interest penalty computation under the Prompt Payment Act

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Example of Intetest Penalty Computation
Under the Prompt Payment Act

Example:	Invoice Amount Delinquent (principal)	$1,000
	Annual Interest Rate (Treasury effective rate)	12.375 percent
	Days Late (measure in 30-day increments)	75 days

Conventional Approach:

$1,000.00	x	12.375 percent	x	(30 days ÷ 360 days)	=	$10.31	
$1,010.31	x	12.375 percent	x	(30 days ÷ 360 days)	=	$10.42	
$1,020.73	x	12.375 percent	x	(15 days ÷ 360 days)	=	$ 5.26	
						+	
						$25.99	Interest Penalty Due

Approach using the matrix interest table from the Navy Finance Center in Washington, D.C.:

$1,000.00 x .025994 (factor from the table for 75 days) = $25.99 Interest Penalty Due

MATRIX INTEREST TABLE

ANNUAL RATE OF 10.375%

DAYS	0	1	2	3	4	5	6	7	8	9
		0.000288	0.000576	0.000865	0.001153	0.001441	0.001729	0.002017	0.002306	0.002594
10	0.002882	0.003170	0.003458	0.003747	0.004035	0.004323	0.004611	0.004899	0.005188	0.005476
20	0.005764	0.006052	0.006340	0.006628	0.006917	0.007205	0.007493	0.007781	0.008069	0.008358
30	0.008646	0.008937	0.009227	0.009518	0.009809	0.010099	0.010390	0.010681	0.010971	0.011262
40	0.011553	0.011843	0.012134	0.012425	0.012715	0.013006	0.013297	0.013588	0.013878	0.014169
50	0.014460	0.014750	0.015041	0.015332	0.015622	0.015913	0.016204	0.016494	0.016785	0.017076
60	0.017367	0.017660	0.017953	0.018246	0.018539	0.018833	0.019126	0.019419	0.019712	0.020005
70	0.020299	0.020592	0.020885	0.021178	0.021471	0.021765	0.022058	0.022351	0.022644	0.022937
80	0.023231	0.023524	0.023817	0.024110	0.024403	0.024697	0.024990	0.025283	0.025576	0.025869
90	0.026163	0.026458	0.026754	0.027050	0.027346	0.027641	0.027937	0.028233	0.028529	0.028824
100	0.029120	0.029416	0.029711	0.030007	0.030303	0.030599	0.030894	0.031190	0.031486	0.031782
110	0.032077	0.032373	0.032669	0.032965	0.033260	0.033556	0.033852	0.034147	0.034443	0.034739
120	0.035035	0.035333	0.035631	0.035930	0.036228	0.036526	0.036824	0.037123	0.037421	0.037719
130	0.038018	0.038316	0.038614	0.038912	0.039211	0.039509	0.039807	0.040106	0.040404	0.040702
140	0.041000	0.041299	0.041597	0.041895	0.042194	0.042492	0.042790	0.043089	0.043387	0.043685
150	0.043983	0.044284	0.044585	0.044886	0.045187	0.045488	0.045789	0.046090	0.046390	0.046691
160	0.046992	0.047293	0.047594	0.047895	0.048196	0.048497	0.048797	0.049098	0.049399	0.049700
170	0.050001	0.050302	0.050603	0.050903	0.051204	0.051505	0.051806	0.052107	0.052408	0.052709
180	0.053010	0.053313	0.053617	0.053920	0.054224	0.054527	0.054830	0.055134	0.055437	0.055741
190	0.056044	0.056348	0.056651	0.056955	0.057258	0.057562	0.057865	0.058169	0.058472	0.058776
200	0.059079	0.059383	0.059686	0.059989	0.060293	0.060596	0.060900	0.061203	0.061507	0.061810
210	0.062114	0.062420	0.062726	0.063032	0.063338	0.063644	0.063950	0.064257	0.064563	0.064869
220	0.065175	0.065481	0.065787	0.066093	0.066399	0.066705	0.067011	0.067318	0.067624	0.067930
230	0.068236	0.068542	0.068848	0.069154	0.069460	0.069766	0.070072	0.070378	0.070685	0.070991
240	0.071297	0.071605	0.071914	0.072223	0.072532	0.072840	0.073149	0.073458	0.073767	0.074075
250	0.074384	0.074693	0.075002	0.075310	0.075619	0.075928	0.076237	0.076545	0.076854	0.077163
260	0.077472	0.077780	0.078089	0.078398	0.078706	0.079015	0.079324	0.079633	0.079941	0.080250
270	0.080559	0.080870	0.081182	0.081493	0.081805	0.082116	0.082427	0.082739	0.083050	0.083362
280	0.083673	0.083985	0.084296	0.084607	0.084919	0.085230	0.085542	0.085853	0.086164	0.086476
290	0.086787	0.087099	0.087410	0.087721	0.088033	0.088344	0.088656	0.088967	0.089279	0.089590
300	0.089901	0.090216	0.090530	0.090844	0.091158	0.091472	0.091786	0.092100	0.092414	0.092728
310	0.093042	0.093357	0.093671	0.093985	0.094299	0.094613	0.094927	0.095241	0.095555	0.095869
320	0.096184	0.096498	0.096812	0.097126	0.097440	0.097754	0.098068	0.098382	0.098696	0.099010
330	0.099325	0.099641	0.099958	0.100275	0.100592	0.100909	0.101226	0.101542	0.101859	0.102176
340	0.102493	0.102810	0.103126	0.103443	0.103760	0.104077	0.104394	0.104711	0.105027	0.105344
350	0.105661	0.105978	0.106295	0.106611	0.106928	0.107245	0.107562	0.107879	0.108196	0.108512
360	0.108829	0.109149	0.109468	0.109788	0.110108	0.110427	0.110747			

Note: Produced by the Navy Finance Center. This table changes each time Treasury establishes a new interest rate. To order a current table or computer [illegible]k to produce new tables, send a self-addressed, [illegible]nked envelope to: Financial Management Institut[illegible]orkforce Effectiveness Unit, OPM, P.O. Box 7230 Washington, DC 20044.

J U L I A N   C A L E N D A R

JANUARY			FEBRUARY			MARCH			APRIL			MAY			JUNE		
1	001	001	1	032	032	1	060	061	1	091	092	1	121	122	1	152	153
2	002	002	2	033	033	2	061	062	2	092	093	2	122	123	2	153	154
3	003	003	3	034	034	3	062	063	3	093	094	3	123	124	3	154	155
4	004	004	4	035	035	4	063	064	4	094	095	4	124	125	4	155	156
5	005	005	5	036	036	5	064	065	5	095	096	5	125	126	5	156	157
6	006	006	6	037	037	6	065	066	6	096	097	6	126	127	6	157	158
7	007	007	7	038	038	7	066	067	7	097	098	7	127	128	7	158	159
8	008	008	8	039	039	8	067	068	8	098	099	8	128	129	8	159	160
9	009	009	9	040	040	9	068	069	9	099	100	9	129	130	9	160	161
10	010	010	10	041	041	10	069	070	10	100	101	10	130	131	10	161	162
11	011	011	11	042	042	11	070	071	11	101	102	11	131	132	11	162	163
12	012	012	12	043	043	12	071	072	12	102	103	12	132	133	12	163	164
13	013	013	13	044	044	13	072	073	13	103	104	13	133	134	13	164	165
14	014	014	14	045	045	14	073	074	14	104	105	14	134	135	14	165	166
15	015	015	15	046	046	15	074	075	15	105	106	15	135	136	15	166	167
16	016	016	16	047	047	16	075	076	16	106	107	16	136	137	16	167	168
17	017	017	17	048	048	17	076	077	17	107	108	17	137	138	17	168	169
18	018	018	18	049	049	18	077	078	18	108	109	18	138	139	18	169	170
19	019	019	19	050	050	19	078	079	19	109	110	19	139	140	19	170	171
20	020	020	20	051	051	20	079	080	20	110	111	20	140	141	20	171	172
21	021	021	21	052	052	21	080	081	21	111	112	21	141	142	21	172	173
22	022	022	22	053	053	22	081	082	22	112	113	22	142	143	22	173	174
23	023	023	23	054	054	23	082	083	23	113	114	23	143	144	23	174	175
24	024	024	24	055	055	24	083	084	24	114	115	24	144	145	24	175	176
25	025	025	25	056	056	25	084	085	25	115	116	25	145	146	25	176	177
26	026	026	26	057	057	26	085	086	26	116	117	26	146	147	26	177	178
27	027	027	27	058	058	27	086	087	27	117	118	27	147	148	27	178	179
28	028	028	28	059	059	28	087	088	28	118	119	28	148	149	28	179	180
29	029	029	29	n/a	060	29	088	089	28	119	120	29	149	150	29	180	181
30	030	030				30	089	090	30	120	121	30	150	151	30	181	182
31	031	031				31	090	091				31	151	152			

JULY			AUGUST			SEPTEMBER			OCTOBER			NOVEMBER			DECEMBER		
1	182	183	1	213	214	1	244	245	1	274	275	1	305	306	1	335	336
2	183	184	2	214	215	2	245	246	2	275	276	2	306	307	2	336	337
3	184	185	3	215	216	3	246	247	3	276	277	3	307	308	3	337	338
4	185	186	4	216	217	4	247	248	4	277	278	4	308	309	4	338	339
5	186	187	5	217	218	5	248	249	5	278	279	5	309	310	5	339	340
6	187	188	6	218	219	6	249	250	6	279	280	6	310	311	6	340	341
7	188	189	7	219	220	7	250	251	7	280	281	7	311	312	7	341	342
8	189	190	8	220	221	8	251	252	8	281	282	8	312	313	8	342	343
9	190	191	9	221	222	9	252	253	9	282	283	9	313	314	9	343	344
10	191	192	10	222	223	10	253	254	10	283	284	10	314	315	10	344	345
11	192	193	11	223	224	11	254	255	11	284	285	11	315	316	11	345	346
12	193	194	12	224	225	12	255	256	12	285	286	12	316	317	12	346	347
13	194	195	13	225	226	13	256	257	13	286	287	13	317	318	13	347	348
14	195	196	14	226	227	14	257	258	14	287	288	14	318	319	14	348	349
15	196	197	15	227	228	15	258	259	15	288	289	15	319	320	15	349	350
16	197	198	16	228	229	16	259	260	16	289	290	16	320	321	16	350	351
17	198	199	17	229	230	17	260	261	17	290	291	17	321	322	17	351	352
18	199	200	18	230	231	18	261	262	18	291	292	18	322	323	18	352	353
19	200	201	19	231	232	19	262	263	19	292	293	19	323	324	19	353	354
20	201	202	20	232	233	20	263	264	20	293	294	20	324	325	20	354	355
21	202	203	21	233	234	21	264	265	21	294	295	21	325	326	21	355	356
22	203	204	22	234	235	22	265	266	22	295	296	22	326	327	22	356	357
23	204	205	23	235	236	23	266	267	23	296	297	23	327	328	23	357	358
24	205	206	24	236	237	24	267	268	24	297	298	24	328	329	24	358	359
25	206	207	25	237	238	25	268	269	25	298	299	25	329	330	25	359	360
26	207	208	26	238	239	26	269	270	26	299	300	26	330	331	26	360	361
27	208	209	27	239	240	27	270	271	27	300	301	27	331	332	27	361	362
28	209	210	28	240	241	28	271	272	28	301	302	28	332	333	28	362	363
29	210	211	29	241	242	29	272	273	29	302	303	29	333	334	29	363	364
30	211	212	30	242	243	30	273	274	30	303	304	30	334	335	30	364	365
31	212	213	31	243	244				31	304	305				31	365	366

LEGEND: Col. 1 Calendar day
Col. 2 Julian day (nonleap year)
Col. 3 Julian day (leap year)

PART III. EXAMINING SPECIFIC OBLIGATING DOCUMENTS AND PAYMENTS

Overview

Purpose of Part III

The purpose of part III is to introduce the voucher examiner and the certifying officer to the preaudit of obligating documents and payments they may not be familiar with. This will assist the voucher examiner and certifying officer when they assume responsibility for preauditing or certifying payments that are new to them.

Contents of Part Three

The following information is presented in part III:

For Information on...	See
Examining purchase orders	Chapter 5
Examining contracts	Chapter 6
Examining SIBAC and other interagency payments	Chapter 7
Examining reimbursements to employees	Chapter 8
Examining transportation charges	Chapter 9
Examining employee travel claims	Chapter 10
Examining miscellaneous payments	Chapter 11

Overview

Introduction

This chapter presents examining procedures and information for preauditing purchase orders.

NOTE: THE RECENT INTRODUCTION OF THE GSA 347, "ORDER FOR SUPPLIES OR SERVICES," MAY AFFECT THE USE OF THE FORMS DISCUSSED IN THIS CHAPTER.

Contents of Chapter 5

Chapter 5 discusses the following topics:

For Information on...	See Page...
What you need to know about purchase orders	3.3
SF-44, "Purchase Order-Invoice-Voucher"	3.4
Blanket purchase orders	3.10

What You Need to Know About Purchase Orders

What You Need to Know

In general, you need to know:

- The government's basic methods of acquisition
- References for additional information on procurement.

Government's Basic Methods of Acquisition

The government's methods of acquisition include:

- Formal advertising
- Negotiation
- Small purchases
- Federal Supply Schedules
- Small business programs
- 8(A) programs (minority enterprise).

References for Additional Information on Procurement

For additional information on procurement see:

- Your agency's policies and procedures manual
- U.S. Code of Federal Regulations, Title 41
- Decisions of the Comptroller General.

Completing a Preaudit of the SF-44

Document

The SF-44, "Purchase Order-Invoice-Voucher," is used as a combined obligating, receiving, and billing document.

Use of the SF-44 is optional, so check whether your agency uses it. Some agencies use the GSA-347, "Order for Supplies or Services," instead.

A copy of the SF-44 follows this page.

What You Need to Know

To preaudit the SF-44, you need to know its:

o Format

o Purpose

o Requirements for agency use

o References for additional information.

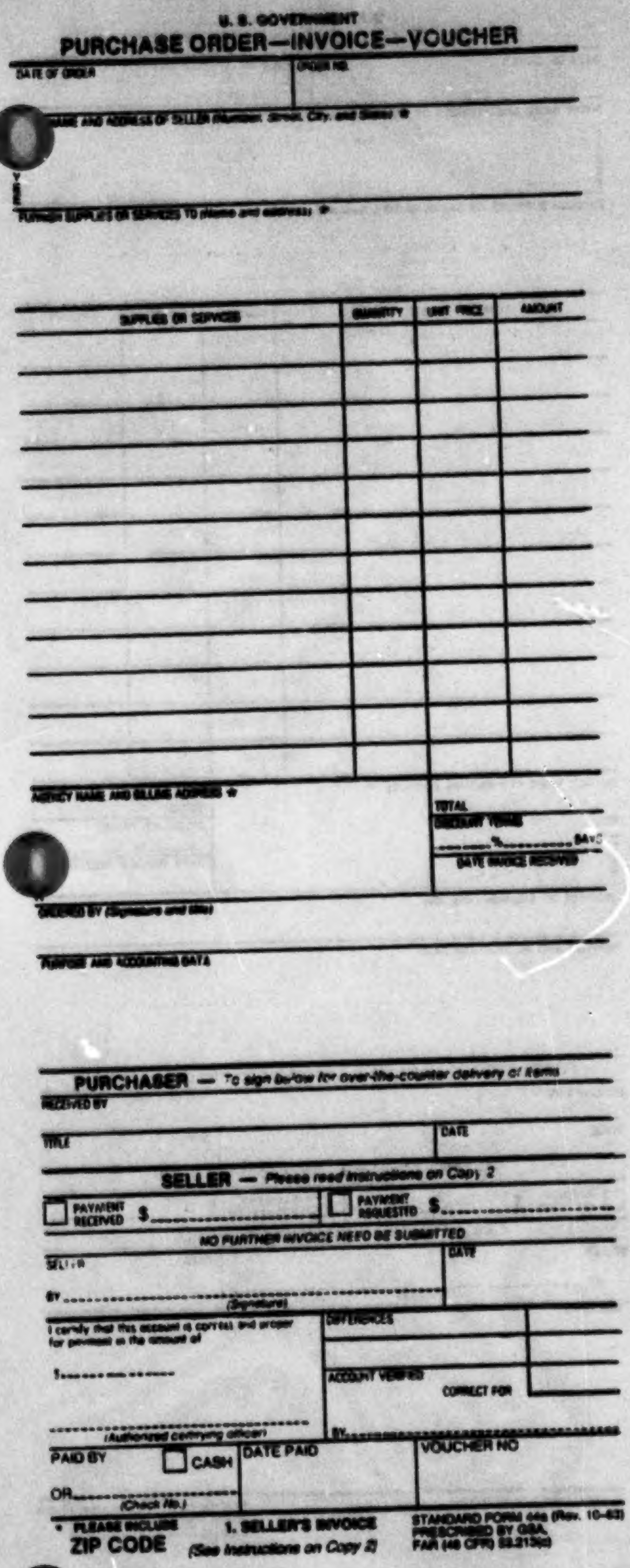
Each of these items is discussed below.

Format

The SF-44 is a pocket-size precarboned combination document.

Purpose

The SF-44 is designed for on-the-spot, over-the-counter purchases of supplies and nonpersonal services.



U. S. GOVERNMENT

PURCHASE ORDER—INVOICE—VOUCHER

DATE OF ORDER | ORDER NO.

NAME AND ADDRESS OF SELLER (Number, Street, City, and State) *

PAYEE

FURNISH SUPPLIES OR SERVICES TO (Name and address) *

SUPPLIES OR SERVICES	QUANTITY	UNIT PRICE	AMOUNT

AGENCY NAME AND BILLING ADDRESS *

TOTAL

DISCOUNT TERMS

.......% ....DAYS

DATE INVOICE RECEIVED

ORDERED BY (Signature and title)

PURPOSE AND ACCOUNTING DATA

PURCHASER — *To sign below for over-the-counter delivery of items*

RECEIVED BY

TITLE | DATE

SELLER — *Please read instructions on Copy 2*

☐ PAYMENT RECEIVED $.................... ☐ PAYMENT REQUESTED $....................

NO FURTHER INVOICE NEED BE SUBMITTED

SELLER | DATE

BY ....

(Signature)

I certify that this account is correct and proper for payment in the amount of

$....................

....

(Authorized certifying officer)

DIFFERENCES

ACCOUNT VERIFIED CORRECT FOR

BY..

PAID BY ☐ CASH | DATE PAID | VOUCHER NO

OR....................

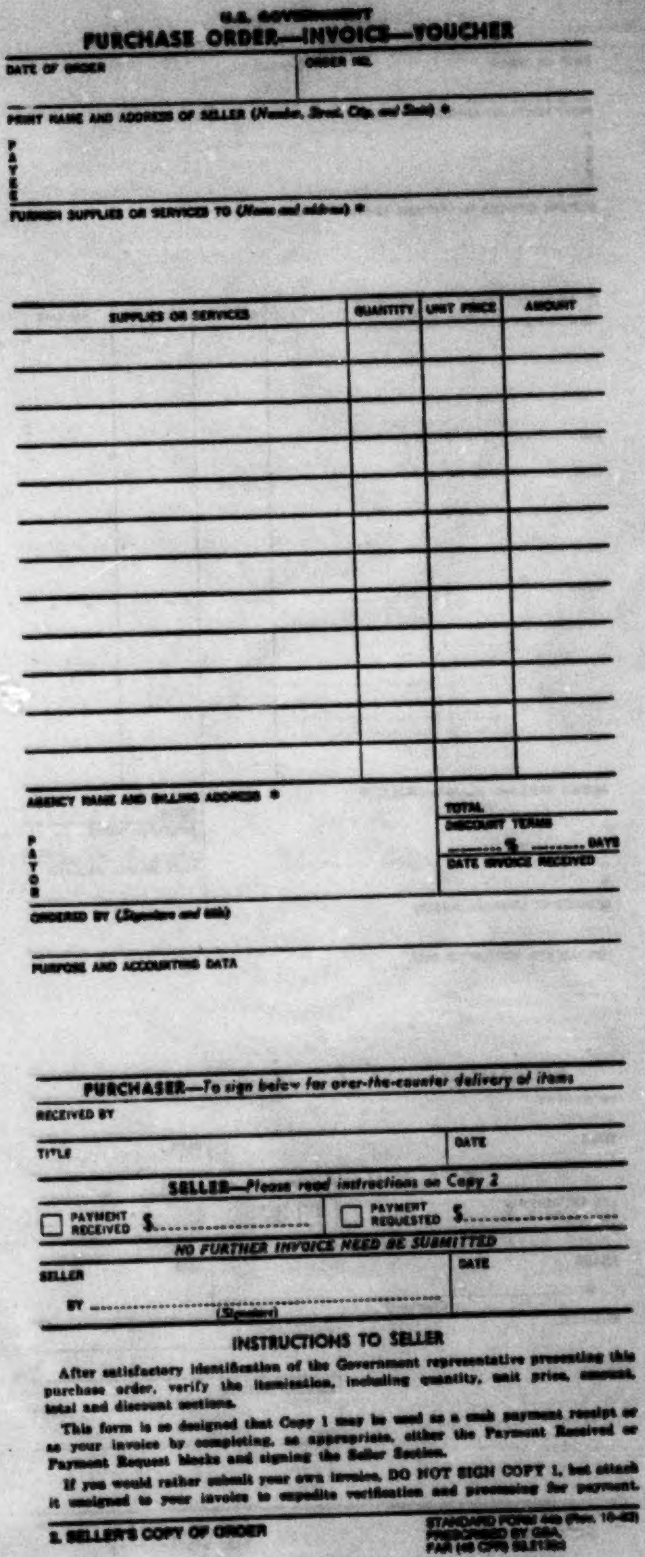
(Check No.)

* PLEASE INCLUDE **ZIP CODE**

1. SELLER'S INVOICE

(See Instructions on Copy 2)

STANDARD FORM 44a (Rev. 10-83)
PRESCRIBED BY GSA,
FAR (48 CFR) 53.213(c)



U.S. GOVERNMENT

PURCHASE ORDER—INVOICE—VOUCHER

DATE OF ORDER | ORDER NO.

PRINT NAME AND ADDRESS OF SELLER (Number, Street, City, and State) *

PAYEE

FURNISH SUPPLIES OR SERVICES TO (Name and address) *

SUPPLIES OR SERVICES	QUANTITY	UNIT PRICE	AMOUNT

AGENCY NAME AND BILLING ADDRESS *

PAYOR

TOTAL

DISCOUNT TERMS

.......% ....DAYS

DATE INVOICE RECEIVED

ORDERED BY (Signature and title)

PURPOSE AND ACCOUNTING DATA

PURCHASER—*To sign below for over-the-counter delivery of items*

RECEIVED BY

TITLE | DATE

SELLER—*Please read instructions on Copy 2*

☐ PAYMENT RECEIVED $.................... ☐ PAYMENT REQUESTED $....................

NO FURTHER INVOICE NEED BE SUBMITTED

SELLER | DATE

BY ....

(Signature)

INSTRUCTIONS TO SELLER

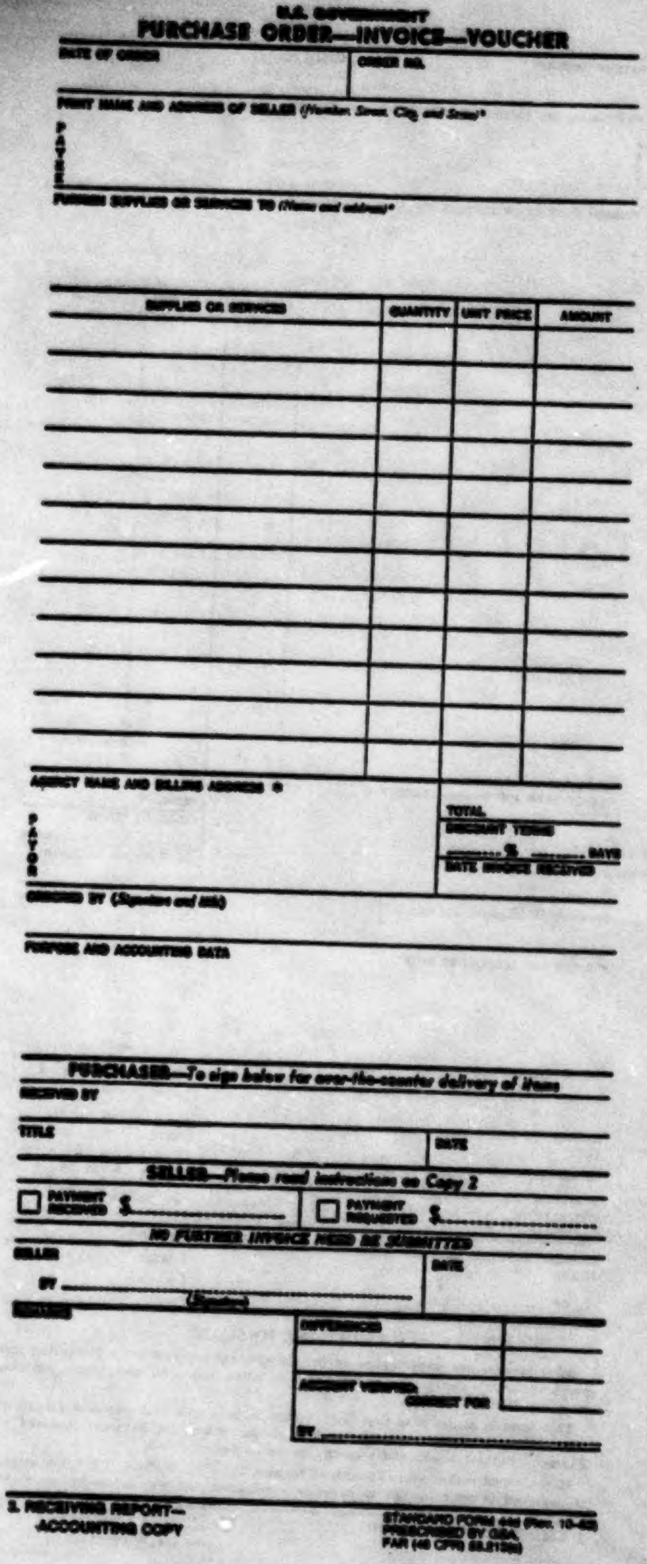
After satisfactory identification of the Government representative presenting this purchase order, verify the itemization, including quantity, unit price, amount, total and discount sections.

This form is so designed that Copy 1 may be used as a cash payment receipt or as your invoice by completing, as appropriate, either the Payment Received or Payment Request blocks and signing the Seller Section.

If you would rather submit your own invoice, DO NOT SIGN COPY 1, but attach it unsigned to your invoice to expedite verification and processing for payment.

2. SELLER'S COPY OF ORDER

STANDARD FORM 44a (Rev. 10-83)
PRESCRIBED BY GSA,
FAR (48 CFR) 53.213(c)



U.S. GOVERNMENT

PURCHASE ORDER—INVOICE—VOUCHER

DATE OF ORDER | ORDER NO.

PRINT NAME AND ADDRESS OF SELLER *(Number, Street, City, and State)**

PAYEE

FURNISH SUPPLIES OR SERVICES TO *(Name and address)**

SUPPLIES OR SERVICES	QUANTITY	UNIT PRICE	AMOUNT

AGENCY NAME AND BILLING ADDRESS *

PAYOR

TOTAL

DISCOUNT TERMS

.... % .... DAYS

DATE INVOICE RECEIVED

ORDERED BY *(Signature and title)*

PURPOSE AND ACCOUNTING DATA

PURCHASER—*To sign below for over-the-counter delivery of items*

RECEIVED BY

TITLE | DATE

SELLER—*Please read instructions on Copy 2*

☐ PAYMENT RECEIVED $.................... ☐ PAYMENT REQUESTED $....................

NO FURTHER INVOICE NEED BE SUBMITTED

SELLER | DATE

BY ....

(Signature)

REMARKS

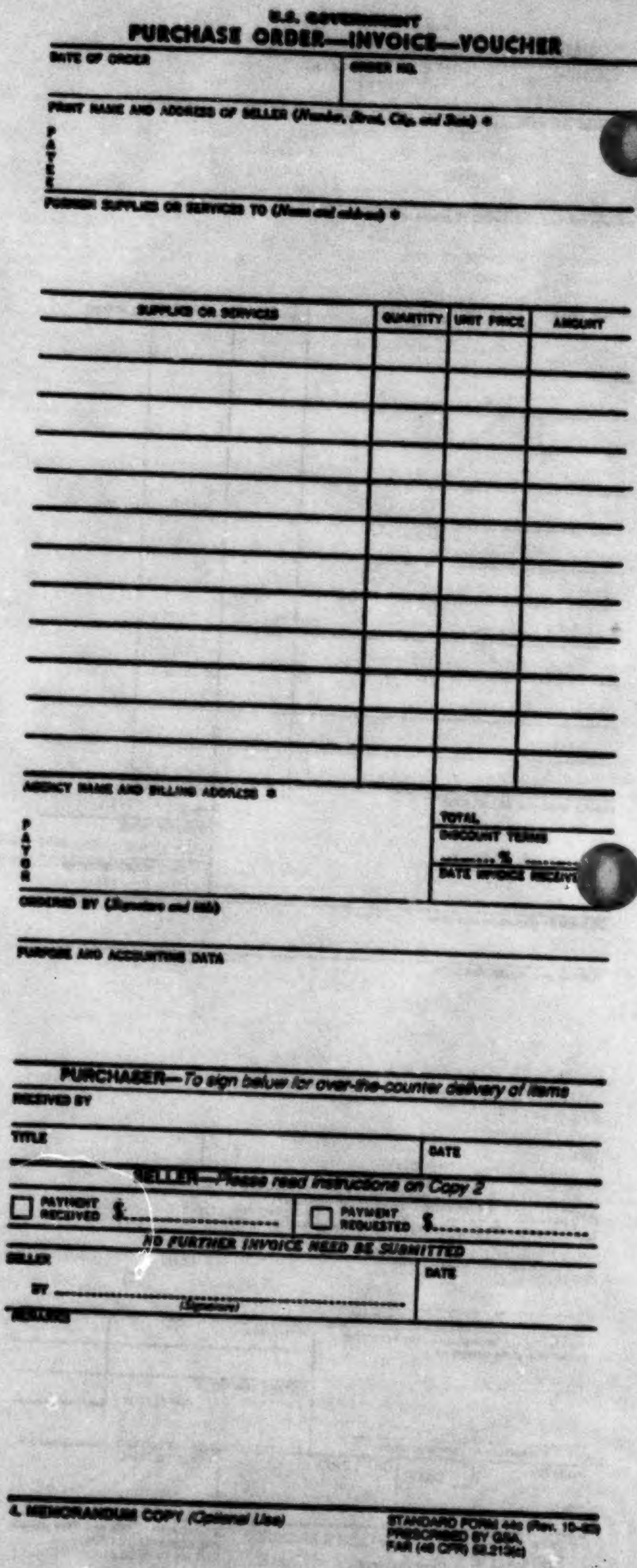
DIFFERENCES

ACCOUNT VERIFIED; CORRECT FOR

BY ....

3. RECEIVING REPORT—
ACCOUNTING COPY

STANDARD FORM 44a (Rev. 10-83)
PRESCRIBED BY GSA,
FAR (48 CFR) 53.213(c)



U.S. GOVERNMENT

PURCHASE ORDER—INVOICE—VOUCHER

DATE OF ORDER | ORDER NO.

PRINT NAME AND ADDRESS OF SELLER *(Number, Street, City, and State)* *

PAYEE

FURNISH SUPPLIES OR SERVICES TO *(Name and address)* *

SUPPLIES OR SERVICES	QUANTITY	UNIT PRICE	AMOUNT

AGENCY NAME AND BILLING ADDRESS *

PAYOR

TOTAL

DISCOUNT TERMS

.... % .... DAYS

DATE INVOICE RECEIVED

ORDERED BY *(Signature and title)*

PURPOSE AND ACCOUNTING DATA

PURCHASER—*To sign below for over-the-counter delivery of items*

RECEIVED BY

TITLE | DATE

SELLER—*Please read instructions on Copy 2*

☐ PAYMENT RECEIVED $.................... ☐ PAYMENT REQUESTED $....................

NO FURTHER INVOICE NEED BE SUBMITTED

SELLER | DATE

BY ....

(Signature)

REMARKS

4. MEMORANDUM COPY *(Optional Use)*

STANDARD FORM 44a (Rev. 10-83)
PRESCRIBED BY GSA,
FAR (48 CFR) 53.213(c)

Completing a Preaudit of the SF-44

Requirements for Agency Use

The requirements for the use of the SF-44 by an agency include:

- The supplies or services ordered shall be immediately available.
- The amount of purchase must not exceed $2500.

  Note: Check your agency directives to verify that this is the current limit.
- There can be only one delivery and one payment when the SF-44 is used.
- The finance office of each agency must be informed of:
  - All personnel authorized to use the SF-44 for purchases
  - Designated purchasing limits for personnel authorized to use the SF-44.

References for Additional Information

For additional information on regulations that apply to the SF-44, see:

- Your agency's policies and procedures manual
- U.S. Code of Federal Regulations, Title 41.

Completing a Preaudit of the SF-44

Help

For help in preauditing an SF-44, use the following examining procedures unique to the SF-44.

Examining Procedures Unique to the SF-44

Examining Procedure	Support Documentation
1. Verify that there is a proper invoice.	"Seller's Invoice," copy of SF-44, or vendor's own invoice.
2. Verify that there is a proper obligating document.	SF-44
3. Verify that there is a proper receiving document.	SF-44
4. Verify that payment is compatible with any specifications of expenditure.	Job aid for checking for legal payment on pages 2.42-2.43.

Completing a Preaudit of the SF-44

Examining Procedures Unique to the SF-44 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. If the "Seller's Invoice" is submitted, check the "seller by" block for signature. If the vendor submits his own invoice, attach it to the white and pink copies of the SF-44 before submitting it for payment.	Follow the procedures on page 2.7 if the signature is missing. NA	
2. If the SF-44 was used for emergency purchase on the authority of a purchasing agent, verify that the agent signed the SF-44.	Submit the SF-44 to the purchasing agent for signature and checking if it is an emergency purchase.	
3. Verify that there is a pink "receiving report" that is properly signed.	If the report is missing, there must be a certificate stating why it is not available. Obtain a "goods and services received" statement from an authorized individual.	
4. Verify that items restricted from open market purchase are not included. Verify that capitalized equipment was not purchased.	If restricted items were purchased, return the SF-44 package to the purchasing agent.	

Completing a Preaudit of Blanket Purchase Orders

Document

If your agency uses its own form for a blanket purchase order, insert a copy of it after this page.

What You Need to Know

To preaudit a blanket purchase order, you need to know its:

- Uses
- Limitations on use
- Requirements for use
- References for additional information.

Uses

Blanket purchase orders are used when:

- A wide variety of items in a broad class of goods are to be purchased from local suppliers, but the exact items, quantities, and delivery requirements are not known in advance.

  Example: Office supplies

- There is a need to provide local commercial sources of supply to an office that does not have or need the authority to purchase items otherwise.
- Writing several individual purchase orders can be avoided with the use of a blanket purchase arrangement.

  Example: A series of purchases from a local firm over a period of time.

Completing a Preaudit of Blanket Purchase Orders

Limitations on Use

The limitations on the use of blanket purchase orders include:

- A contracting officer is limited to $5000 for each blanket order.

  Note: Check your agency directives to verify that this is the current limit.

- An agency may impose a lower limit than that set by federal procurement regulations.
- An agency may impose varying limits on different purchasing agents.
- Every blanket purchase arrangement must state the dollar limitation and the applicable time period for the limitation.
- A blanket purchase arrangement cannot extend beyond the limitation year.

Requirements for Use

The requirements for use of blanket purchase orders include:

- The blanket purchase arrangement must state all conditions and restrictions that the vendor and agency must adhere to.
- The blanket purchase arrangement should state the frequency of billing for goods or services.
- Officials using a blanket purchasing arrangement must maintain records to avoid purchasing more than the maximum allowable under the blanket order.

Completing a Preaudit of Blanket Purchase Orders

Requirements for Use — Continued

- o All shipments, deliveries, and over-the-counter purchases made under a blanket purchase arrangement must be accompanied by a delivery ticket or invoice that includes:
  - Complete name and address of supplier
  - Blanket purchase order number
  - Date of sale or withdrawal
  - Itemized list of supplies or services furnished
  - Quantity, unit price, unit charge, and total charge for each item, less discounts
  - Actual date of delivery or shipment.
- o A receiving report must be submitted together with the delivery ticket or invoice immediately after receipt of the goods or services.

References for Additional Information

For additional information on the use of blanket purchase orders, see:

- o Your agency's policies and procedures manual
- o U.S. Code of Federal Regulations, Title 41.

Help

There are no examining procedures unique to blanket purchase orders. Use the general examining procedures found in part II of this desk reference guide.

Overview

Introduction

This chapter presents examining procedures and information for preauditing contracts and the assignment of payments under a contract.

Contents of Chapter 6

Chapter 6 discusses the following topics related to preauditing contracts:

For Information on...	See Page
What you need to know about contracts	3.14
SF-26, "Award/Contract"	3.15
Assignment of payments under contract	3.26

What You Need to Know About Contracts

What You Need to Know

In general, you need to know the:

- o Role of the contracting officer
- o General types of contracts
- o Other types of agreements.

Each of these items is discussed below.

Role of the Contracting Officer

The contracting officer is the government's only representative authorized to formally solicit proposals and/or bids from contractors and to commit the government to the terms of a contract.

General Types of Contracts

There are two general types of contracts:

- o Fixed-price contracts
  - Firm-fixed price
  - Fixed-price redeterminable
  - Fixed-price incentive
  - Fixed-price escalation
- o Cost-reimbursement contracts
  - Cost-reimbursement contracts
  - Cost-plus-fixed fee
  - Cost-plus-incentive fee
  - Cost-plus-award fee
  - Cost-sharing contracts.

Other Types of Agreements

Other types of agreements include:

- o Basic agreements
- o Basic ordering agreements
- o Blanket purchase arrangements.

Preauditing a Contract

Document

The SF-26, "Award/Contract," is used to enter an agreement with a provider of goods or services.

A copy of the SF-26 follows this page.

What You Need to Know

To preaudit an SF-26, you need to know:

o Why contract payments can be complex

o Common payment terms contained in contracts

o References for additional information.

AWARD/CONTRACT

1. CERTIFIED FOR NATIONAL DEFENSE UNDER BDSA REG. 2 AND/OR DMS REG. 1 ▶ RATING

PAGE OF PAGES

2. CONTRACT *(Proc. Inst. Ident.)* NO.

3. EFFECTIVE DATE

4. REQUISITION/PURCHASE REQUEST/PROJECT NO.

5. ISSUED BY CODE

6. ADMINISTERED BY *(If other than Item 5)* CODE

7. NAME AND ADDRESS OF CONTRACTOR *(No., street, city, county, State and ZIP Code)*

CODE

FACILITY CODE

8. DELIVERY

☐ FOB ORIGIN ☐ OTHER *(See below)*

9. DISCOUNT FOR PROMPT PAYMENT

10. SUBMIT INVOICES *(4 copies unless otherwise specified)* TO THE ADDRESS SHOWN IN: ▶ ITEM

11. SHIP TO/MARK FOR CODE

12. PAYMENT WILL BE MADE BY CODE

13. THIS ACQUISITION WAS: *(Check appl. box(es))*

A. ADVERTISED

B. NEGOTIATED PURSUANT TO:

☐ 10 USC 2304(a)( ) ☐ 41 USC 252(c)( )

14. ACCOUNTING AND APPROPRIATION DATA

15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT

15G. TOTAL AMOUNT OF CONTRACT ▶ $

16. TABLE OF CONTENTS

(√)	SEC.	DESCRIPTION	PAGE(S)	(√)	SEC.	DESCRIPTION	PAGE(S)
		PART I — THE SCHEDULE				PART II — CONTRACT CLAUSES	
	A	SOLICITATION/CONTRACT FORM			I	CONTRACT CLAUSES	
	B	SUPPLIES OR SERVICES AND PRICES/COSTS				PART III — LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACH.	
	C	DESCRIPTION/SPECS./WORK STATEMENT			J	LIST OF ATTACHMENTS	
	D	PACKAGING AND MARKING				PART IV — REPRESENTATIONS AND INSTRUCTIONS	
	E	INSPECTION AND ACCEPTANCE			K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
	F	DELIVERIES OR PERFORMANCE					
	G	CONTRACT ADMINISTRATION DATA			L	INSTRS., CONDS., AND NOTICES TO OFFER	
	H	SPECIAL CONTRACT REQUIREMENTS			M	EVALUATION FACTORS FOR AWARD	

CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. ☐ **CONTRACTOR'S NEGOTIATED AGREEMENT** *(Contractor is required to sign this document and return ______ copies to issuing office.)* Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. *(Attachments are listed herein.)*

18. ☐ **AWARD** *(Contractor is not required to sign this document.)* Your offer on Solicitation Number ______________, including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.

19A. NAME AND TITLE OF SIGNER *(Type or print)*

20A. NAME OF CONTRACTING OFFICER

19B. NAME OF CONTRACTOR

BY ______________________________
(Signature of person authorized to sign)

19C. DATE SIGNED

20B. UNITED STATES OF AMERICA

BY ______________________________
(Signature of Contracting Officer)

20C. DATE SIGNED

NSN 7540-01-152-8069
PREVIOUS EDITION UNUSABLE

26-106

STANDARD FORM 26 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.214(a)

☆GPO : 1983 O - 381-326 (9051)

Preauditing a Contract

Why Contract Payments Can Be Complex

Contract payments are complex because of such factors as:

- Price escalation clauses
- Orders for change and extra work orders
- Retroactive payments
- Payment for materials and equipment delivered to the job site and subsequent adjustments when the materials and equipment are placed
- Payments into escrow to guarantee completion
- Liquidated damage clauses
- Assignment of payments
- Progress or partial payment recordkeeping
- Advance payment balances
- Special terminology and technical clauses
- The variety of projects or jobs the work is charged to
- Distribution of expenditures over several appropriations
- Reservation and liquidation of funds.

Preauditing a Contract

Common Payment Terms Contained in Contracts

Common payment terms contained in contracts include:

- Final Payment - The last payment by the government to a contractor after all the required goods and services have been delivered.
- Fixed Rate - Reimbursement of a predetermined quantity or service at a fixed, predetermined rate or amount.
- Letter of Credit - A federal guarantee that advances money to a contractor. It provides maximum flexibility to the contractor while delaying the outflow of federal cash until the last possible moment.
- Liquidated Damage Clause - A provision of a contract whereby certain amounts may be deducted from the payments otherwise due to the contractor for the contractor's failure to perform as required.

  Note: This provision is based on a formula determined at the time the contract is negotiated.

References for Additional Information

For additional information on contracting, see:

- Your agency's policies and procedures manual
- U.S. Code of Federal Regulations, Title 41 (contains General Services Administration's "Federal Procurement Regulations").

Help

For help in preauditing a contract, use the examining procedures unique to contracts found on the following pages.

Preauditing a Contract

Examining Procedures Unique to Contracts

Examining Procedure	Support Documentation
1. Verify that the necessary supporting documents for the invoice are present.	Amendments or changes to specifications Paid receipts for material and supplies furnished by the contractor
2. Verify that there is a proper obligating document.	SF-19 - "Invitation, Bid, and Award" (construction, alteration, or repairs) SF-19A - "Labor Standards Provisions" SF-20 - "Invitation to Bid" (construction) SF-21 - "Bid Form" (construction) SF-23 - "Construction Contract" SF-23A - "General Provisions" (construction) SF-25 - "Performance Bond" SF-25A - "Payment Bond" SF-32 - "General Provisions" SF-33 - "Invitation, Bid, and Award" SF-1036 - "Statement and Certificate of Award" Specifications

Preauditing a Contract

Examining Procedures Unique to Contracts — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that any amendments or changes to the specifications, such as change orders and extra work orders, are on file. Verify that all paid receipts for material and supplies furnished by the contractor are certified as available for audit.	If documentation is missing, follow the procedures on page 2.7 of this guide. If receipts are retained at the construction office, the construction representative of the contracting officer must approve payment for the materials.	
2. Verify that the SF-32, SF-33, and SF-1036 are available for examination of supply contracts in excess of $2,500. Verify that the SF-19, SF-23A, SF-1036, and specifications are on file for construction contracts of $2,000 or less. Verify that standard forms 19, 19A, 23, 23A, 25, 25A, 1036, and specifications are on file for construction contracts over $2,000 and under $10,000. Verify that standard forms 20, 21, 23, 23A, 25, 25A, 1036, and specifications are on file for construction contracts over $10,000. Note: Check agency directives to verify current limits.	Contact the contracting officer for any missing documentation.	

Examining Procedures Unique to Contracts — Continued

Examining Procedure	Support Documentation
3. Verify that the expenditure was authorized.	Approval by Solicitor's staff
4. Verify that the payment was approved.	Signed voucher Evidence of satisfactory compliance report and "Release on Contract"
5. Verify that the payment is in accord with the terms of agreement.	Contract and progress payment voucher
6. Verify that the name and address of the payee are correct.	Assignment papers, as available

Examining Procedures Unique to Contracts — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
3. Verify that the contract award was approved by a member of the Solicitor's staff, as appropriate.	If appropriate approval is missing, follow agency procedures.	
4. Verify that all progress or partial payment vouchers have been signed by the contracting officer or his/her representative. If the voucher is marked "final payment voucher," verify that there is a) evidence that all items of the specification have been completed satisfactorily, b) a date of completion, and c) a request for release of "Contract Holdback" when applicable.	If the signature is missing, return the voucher for compliance. If evidence is missing, contact the contracting officer for evidence of satisfactory compliance report and a "Release on Contract."	
5. Verify that the progress payment voucher reflects any contract provision for "retained earning" to be paid into an escrow account.	If "holdback" has not been taken as provided by contract, contact the contracting officer.	
6. Verify that required assignment forms and approval of an assignment are on file if the contractor is assigning his/her earnings to a financial institution or bank.	If any required assignment papers are not present, withhold payment and follow the procedures on page 2.7.	

Examining Procedures Unique to Contracts — Continued

Examining Procedure	Support Documentation
7. Verify that the amount of payment is accurate.	"Waiver on Contract Holdback"
	SF-32, "General Provisions" Signed approval by the contracting officer or board of appeals for a refund of liquidated damages
8. Determine whether a deduction can be taken.	Contract and progress payment voucher

Preauditing a Contract

Examining Procedures Unique to Contracts — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
7. Verify that the contracting officer has signed a "Waiver on Contract Holdback" and the subsequent progress payment vouchers refer to it, if a deduction for "contract holdback" is to stop. Before making "final payment" to a foreign supply contractor, verify that the government will receive any amount due it as a result of import duties as provided by the SF-32. Verify that there is approval for refunding any liquidating damages.	Continue taking a "holdback" until notified in writing to stop. Contact the contracting officer when in doubt. Contact the contracting officer when in doubt.	
8. Verify the presence of a deduction and method of computation if the contract completion date has expired and the contract calls for liquidated damages to be assessed.	If the deduction is not taken and a time extension has not been granted by a properly executed change order, contact the contracting officer.	

Completing a Preaudit of the Assignment of Payments Under Contract

---

What You Need to Know

To preaudit an assignment of payments under contract, you need to know the:

- Terms
- Requirements
- Documents that must be submitted.

Terms

The terms you should know when preauditing an assignment of payments under contract include:

- Assignment - Written evidence of the sale or transfer of the payments due under a contract to a bank or similar financing institution by a contractor.
- Assignor - The contractor who sells or transfers his/her interest in a contract.
- Assignee - The bank or other similar institution to which an interest in a contract is sold or transferred.
- Notice of Assignment - A notice that payment due under a particular contract has been assigned. The law requires the assignee to send a notice to the agency's contracting office and to other interested parties.
- Release - A written notice submitted by the contractor and the assignee to the agency, stating that the assignment under a particular contract is terminated.

Completing a Preaudit of the Assignment of Payments Under Contract

---

Requirements

The requirements for the assignment of payments under contract include:

- Government payments that are due or that will become due must aggregate $1,000 or more.

  Note: Check your agency directives to verify the current limit.

- The assignment must be made to a bank, a trust company, or other financial institution, including federal lending agencies.

- The contract must not contain a clause specifically forbidding assignment.

- The assignment is to cover all unpaid amounts under the contract, unless otherwise expressly provided by the contract.

- The assignment cannot be made to more than one party.

  Exception: The assignment can be made to one party as agent or trustee for two or more parties participating in the financing arrangements.

- The assignee must file written notice of assignment together with a true copy of the assignment with the:

  - Contracting officer
  - Surety on the contract, if any.

  Note: The surety is a party held legally liable for a debt, default, or failure in duty of another.

- The fact that an assignor has a liability to the United States does not impose responsibility on an assignee to pay back to the government any amount received.

Completing a Preaudit of the Assignment of Payments Under Contract

---

Documents That Must Be Submitted

Documents that must be submitted to the agency's accounting office under an assignment of payments include:

- From the contracting officer:
  - Two copies of the notice of assignment
  - One copy of the assignment and any amendments impressed with the corporate seal
  - Any notice of release or cancellation of an assignment.
- From the surety:
  - An acknowledged copy of the notice of assignment.

Help

For help in preauditing an assignment of payments under a contract, use the examining procedures unique to an assignment of payments found on the next page.

Completing a Presudit of the Assignment of Payments Under Contract

Examining Procedures Unique to an Assignment of Payments

Examining Procedure	Support Documentation
1. Verify that special certificates have been furnished as necessary.	"Notice of Assignment" "Assignment" Contractor's certification that assignment is valid

Completing a Preaudit of the Assignment of Payments Under Contract

Examining Procedures Unique to an Assignment of Payments — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. When the first invoice under an assignment is received, verify that the following are available: Two copies of the "Notice of Assignment" One copy of the notice acknowledged by the surety, as appropriate Copy of the actual assignment Invoice certifying that the assignment is valid.	If support documentation is missing, follow the procedures on page 2.7.	

Chapter 7. Examining SIBAC and Other Interagency Payments

Overview

Introduction

This chapter presents examining procedures and information for preauditing SIBAC and other interagency payments.

Contents of Chapter 7

Chapter 7 discusses the following interagency payments:

For Information on...	See Page...
SIBAC (Simplified Intragovernmental Billing and Collection System)	3.33
SF-1081, "Voucher and Schedule of Withdrawals and Credits"	3.40
GSA-789, "Statement, Voucher, and Schedule of Withdrawals and Credits"	3.44

Completing a Preaudit of a SIBAC Payment

Documents

The SF-224, "Statement of Transactions," is used for SIBAC billing.

The SF-238, "SIBAC Adjustment Voucher for Charge-Backs," is used to correct erroneous charges under the SIBAC system.

Copies of the SF-224 and SF-238 follow this page.

What You Need to Know

To preaudit a SIBAC payment, you need to know the:

- o Definition of SIBAC
- o Rules on prompt billing
- o Rules on erroneous charges
- o Use of agency location codes (ALC)
- o References for additional information.

Each of these items is discussed below.

Definition of SIBAC

SIBAC, the "Simplified Intragovernmental Billing and Collection System," is a system that allows agencies that provide goods and services to other agencies to simultaneously bill and receive payment by going through the Treasury Department.

Standard Form 224
Revised 5-82
Department of the Treasury
I TFRM 2-3300

STATEMENT OF TRANSACTIONS

(Classified According to Appropriation, Fund and Receipt Account, and Related Control Totals)

DEPARTMENT OR AGENCY	LOCATION—MAIL ADDRESS OF REPORTING OFFICE	AGENCY LOCATION CODE (ALC)
BUREAU OR OFFICE		ACCOUNTING PERIOD ENDED

Section I—Classification of Disbursements and Collections by Appropriation, Fund and Receipt Account

APPROPRIATION FUND OR RECEIPT ACCOUNT (1)	RECEIPTS AND REVOLVING FUND REPAYMENTS (2)	NET DISBURSEMENTS (3)
COLUMNAR TOTALS		
NET TOTAL, SECTION I (Column 3 minus column 2)		

Section II—Control Totals of Disbursements and Collections Classified in Section I

1. ADD: Payment Transactions (Net) Classified in Section I, Accomplished by Disbursing Office in:

THIS MONTH	PRIOR MONTH OF	PRIOR MONTH OF
$	$	$

2. DEDUCT: Collections Received This Month (Net) and Classified in Section I ....

3. NET TOTAL, SECTION II (MUST AGREE WITH NET TOTAL OF SECTION I) ....

Section III—Status of Collections

1. Balance of Undeposited Collections, Close of Preceding Month ....
2. ADD: Collections Received This Month (Same as Section II, Item 2) ....
3. DEDUCT: Deposits Presented or Mailed to Bank in:

THIS MONTH	PRIOR MONTH OF	PRIOR MONTH OF
$	$	$

4. NET TOTAL, SECTION III—Balance of Undeposited Collections, Close of Month ....

DATE	NOTE: Required to be mailed not later than the third working day following the close of the reporting month	SIGNATURE AND TITLE

NSN 7540-00-753-5063 PREVIOUS EDITIONS ARE OBSOLETE GPO : 1983 O - 381-526 (8231) 224-104

☆ U. S. GOVERNMENT PRINTING OFFICE: 1975 — 355-076

STANDARD FORM 238
APRIL 1975
6 TREASURY FRM 5000
238-101

SIBAC ADJUSTMENT VOUCHER FOR CHARGE-BACKS

FROM: (Department, Bureau-Location) Customer Agency	**Voucher No.**
	Date
TO: (Department, Bureau-Location) SIBAC Agency	**SIBAC Agency's (8-Digit) Station Symbol**

Charge Shown on Paid Billing Statement for SIBAC Transactions, Treasury TFS FORM 7306		**Adjustment was made on Statement of Transactions, SF 224, by Customer Agency**		
Bill No.	**Total Amount**	**Agency Station (8-Digit) Symbol**	**SIBAC Agency's Clearing Account Symbol**	**Amount of Erroneous Charge**
Payment Date	$	**Accounting Period Ended**		$

Telephone contact was made with your SIBAC representative **Tel. No.**

EXPLANATION:

Signature	**Title**	**Telephone No.**

For SIBAC Agency Use Only:

Forward original and one copy of this form to the SIBAC Agency

Completing a Preaudit of a SIBAC Payment

Rules on Prompt Billing

The rules on prompt billing under SIBAC include:

- The billing agency must promptly mail all SIBAC billings in order to ensure that there is sufficient time for the customer and billing agencies to report the transaction on their SF-224's within the same month.
- The billing agency should never date or mail the SIBAC bill after the 22nd day of any month.

Rules on Erroneous Charges

The rules on erroneous charges to customer agencies under the SIBAC system include:

- The customer agency has one year from the date of the SIBAC bill in which to prepare an SF-238 for any erroneous charges.
- The SIBAC agency has 90 days to respond to any charge-backs received.
- Treasury recommends that customer agencies accept erroneous charges of a specified amount or less as part of the cost of the goods or services.

  Note: Check your agency directives to determine the current specified amount.
- Customer agencies may set a lower limit than Treasury does on the amount of erroneous charges allowed.

  Note: Check your agency directives to determine the current limit set by your agency.

Use of Agency Location Codes

The agency location code, or ALC, normally is the same as the agency finance station number.

Note: Enough detail must be submitted in support of the ALC charged to enable the customer agency to distribute the charges to the appropriate fund.

Completing a Preaudit of a SIBAC Payment

References for Additional Information	For additional information on: o The SIBAC system: - See the Treasury Fiscal Requirements Manual, part 6, chapter 5000. o Authorized SIBAC billing agencies and their respective billing locations and disbursing office symbols: - See appendix 2 of this desk reference guide.
Help	For help in preauditing a SIBAC payment, use the examining procedures unique to SIBAC payments found on the next page.

Completing a Preaudit of a SIBAC Payment

Examining Procedures Unique to SIBAC Payments

Examining Procedure	Support Documentation
1. Verify that there is a proper request for payment.	SF-224
2. Verify that the amount of payment is accurate and arithmetically correct.	SF-224
3. Verify that adequate funds are available for payment.	SF-224

Completing a Preaudit of a SIBAC Payment

Examining Procedures Unique to SIBAC Payments - Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify agency location code.	Contact SIBAC agency's representative and take no further action if ALC is incorrect.	
2. Verify accuracy of charges.	Determine whether your agency accepts the amount of error involved, if any. Contact SIBAC agency's representative and prepare SF-238 if there is an unacceptable error.	
Verify arithmetic correctness of charges.	Use the same procedures as for inaccurate charges.	
3. Determine whether SIBAC billing was received soon enough to account for it in same month as does the SIBAC agency.	If the billing is received too late, do not make payment. Follow any additional agency procedures in this regard.	

Completing a Preaudit of the SF-1081

Document

The SF-1081, "Voucher and Schedule of Withdrawals and Credits," is a form used in a journal voucher system to transfer funds between federal agencies for goods and services received.

These transactions have not been processed by Treasury disbursing centers since 1983.

The use of the SF-1081 has gradually been replaced by an electronic system for the transfer of funds since 1984.

The use of the SF-1081 is optional, so check to verify whether your agency uses it.

A copy of the SF-1081 appears on the next page.

What You Need to Know

To preaudit the SF-1081, you need to know the:

- Billing agency's responsibilities
- Customer agency's responsibilities
- Procedures for payment
- References for additional information.

ANDARD FORM 1081
Revised September 1982
Department of the Treasury
I TFRM 2-2500

VOUCHER AND SCHEDULE OF WITHDRAWAL AND CREDITS

Transaction Date

Document No. 450954

CHARGE AND CREDIT WILL BE REPORTED ON CUSTOMER AGENCY STATEMENT OF TRANSACTIONS FOR ACCOUNTING PERIOD ENDING ____________________

CUSTOMER AGENCY		BILLING AGENCY	
Agency Location Code (ALC)	Customer Agency Voucher No.	Agency Location Code (ALC)	Billing Agency Voucher No.
DEPARTMENT BUREAU ADDRESS		DEPARTMENT BUREAU ADDRESS	

SUMMARY		SUMMARY	
APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT	APPROPRIATION, FUND, OR RECEIPT SYMBOL	AMOUNT
UST AGREE WITH BILLING AGENCY TOTAL) TOTAL		(MUST AGREE WITH CUSTOMER AGENCY TOTAL) TOTAL	

Details of charges or reference to attached supporting documents

BILLING AGENCY CONTACT:
PREPARED BY ____________________
APPROVED BY ____________________
TELEPHONE NO. ____________________

CERTIFICATION OF CUSTOMER OFFICE

I certify that the items listed herein are correct and proper for payment from and to the appropriation(s) designated.

____
(Date)

____
(Authorized administrative or certifying officer)

____
(Telephone No.)

SN 7540-00-634-4234
PREVIOUS EDITION NOT USABLE

Original - Forward To Customer For Payment

Completing a Preaudit of the SF-1081

Billing Agency's Responsibilities

The billing agency's responsibilities under the use of the SF-1081 include:

- Initiating the form, indicating the
  - Nature of the transaction
  - Journal voucher number
  - Symbol of the account to receive credit
  - Amount to be paid
  - Name and phone number of the contact person for inquiries.
- Ensuring the accuracy of billing documents to avoid disputes and errors
- Ensuring that the appropriation to receive credit is clearly and correctly indicated.

Customer Agency's Responsibilities

The customer agency's responsibilities under the SF-1081 include:

- To complete the form with the necessary information, including the
  - Account to be charged
  - Amount of payment

    Note: The amount of payment must equal the billed amount.
  - Station address and ALC number
  - Contact person.
- To return a "PAID" copy to the billing agency after appropriate certification for payment.

Completing a Preaudit of the SF-1081

Procedures for Payment

The procedures for payment when an SF-1081 is used as a journal voucher form include:

- The customer agency will report the transacton on its monthly statement of transactions (such as the SF-224).
- The entry will be charged to the appropriate account symbol and credited to the account symbol of the billing agency.
- The customer agency should contact the billing agency immediately to resolve a disputed journal voucher form.

References for Additional Information

For additional information on using the SF-1081, see:

- Your agency's policies and procedures manual
- Treasury Fiscal Requirements Manual (ITFRM 2-2500).

Help

There are no examining procedures unique to the SF-1081. Use the general examining procedures found in part II.

Completing a Preaudit of the GSA-789

Document

The GSA-789, "Statement, Voucher and Schedule of Withdrawals and Credits," is used in a journal voucher system to bill government agencies for purchases from the General Services Administration.

These transactions have not been processed by Treasury disbursing centers since 1983.

Both the old standard form and a newer computer-generated version of the GSA-789 have been in use since 1985.

Check to verify whether your agency uses this document.

Copies of the old and new forms of the GSA-789 follow this page.

What You Need to Know

To preaudit the GSA-789, you need to know the:

- Rules for its use
- References for additional information.

Rules for Its Use

The rules for using the GSA-789 include:

- The agency that orders and receives the goods is responsible for preauditing the payments.
- If the customer agency does not receive the goods or services in accordance with its purchase order or contract,
  - The customer agency should report the losses or discrepancies to GSA
  - GSA credits the customer agency
  - GSA places a claim against the carrier or vendor for recovery.

FORM APPROVED BY
COMP. GEN., U. S.
SEPTEMBER 10, 1964

STATEMENT, VOUCHER, AND
SCHEDULE OF WITHDRAWALS AND CREDITS
GENERAL SERVICES ADMINISTRATION

REGIONAL OFFICE OF ADMINISTRATION, FINANCE DIVISION
GENERAL SERVICES REGIONAL OFFICE BUILDING
WASHINGTON, D. C. 20407

D. O. NO. ____________

BU. VOU NO. ____________
(PAYING OFFICE)

PAID BY

DEPOSIT TO THE CREDIT OF ACCOUNT(S) SHOWN AND SEND ACCOMPLISHED C/D TO

GSA, OAD, FINANCE DIVISION
STATION SYMBOL 47-00-0002
GENERAL SERVICES REGIONAL OFFICE BUILDING
WASHINGTON, D. C. 20407

OR–

SEND REMITTANCE PAYABLE TO THE GENERAL SERVICES ADMINISTRATION ACCOMPANIED BY ONE COPY OF THIS GSA FORM 789, TO THE OFFICE INDICATED ABOVE.

DATE			PAGE NO.	STATEMENT NUMBER
MO.	DAY	YR.		

AGENCY	BILLED OFFICE

PAYMENT OR INQUIRY SHOULD REFER TO THE ABOVE DATE, STATEMENT NUMBER, AGENCY, AND BILLED OFFICE CODES FOR PROMPT HANDLING.

OFFICE BILLED

AGENCY REQUISITION NUMBER	ACT.	GSA INVOICE OR DOC. NO.	INV. DATE		AMOUNT	REMARKS
			MO.	DAY		

TOTAL AMOUNT DUE ON THIS STATEMENT

TO ____________
(DISBURSING OFFICE AND SYMBOL - PAYING OFFICE)

WITHDRAW FROM -
DEPARTMENT ____________
BUREAU ____________
ADDRESS ____________

BUREAU REFERENCE	APPROPRIATION OR FUND (SYMBOL ONLY)	AMOUNT

CERTIFICATE OF PAYING OFFICE

I CERTIFY THAT THE ITEMS LISTED HEREIN ARE CORRECT AND PROPER FOR PAYMENT FROM THE APPROPRIATION(S) DESIGNATED.

(DATE) (AUTHORIZED CERTIFYING OFFICER)

FOR USE OF PAYING OFFICE

PAID BY:
CHECK NO. ____________, DATED ____________
C/D NO. ____________, DATED ____________

7789-3-102

GSA FORM OCT 66 789-3

Instructions for the Use of GSA Form 789,
Statement, Voucher, and Schedule of Withdrawals and Credits

1. GSA Form 789 has been approved by the Comptroller General of the United States to be used in processing payments to GSA in lieu of Standard Form 1081. Sufficient copies have been provided to meet all requirements of 7 GAO 4200.

2. The codes shown in the "Activity" column (between Agency Requisition Number and GSA Invoice Number) identify the GSA Activity which furnished the supplies or rendered the service covered by the invoice(s) indicated, as shown below:

General Supply Fund Operations:

Code	Activity
1	Warehouse Stores
2	Direct Delivery
3	Office Machines Repair Shop
4	Motor Equipment Pool
5	Furniture Repair Shop
6	Fuel Yard
7	Unassigned
8	Unassigned
9	All Other

Buildings Management Fund Operations:

Code	Activity
11	Space Occupancy
12	Job Orders
13	Telephone Service
14	Teletypewriter Service

A separate subtotal is shown for each fund, but payment should be made for the full amount shown as the "Total Amount Due on This Statement."

3. Agencies, such as the Department of Defense, making payment by check should return one copy of GSA Form 789 with the check. If this is impractical, reference to the statement number appearing in the upper right-hand corner of the statement shall be made on an attachment to the check.

4. Individual invoices and other documents attached to this statement are for your use.

5. GSA Form 789 should be paid in full as submitted. Adjustments, if required, will appear on subsequent statements. If payment cannot be made in full, the total amount may be reduced accordingly and the invoice(s) not paid so noted on the statement. Unpaid invoices will not be rebilled on future statements, and it will be the responsibility of the billed agency to prepare and process Standard Form 1081 or submit check remittances for same. In such cases, the Standard Form 1081 or check remittance must refer to the applicable invoice and statement numbers. (See 7 GAO 4200.)

GSA 789
REV 10/84

STMT PAGE NO. 1

GENERAL SERVICES ADMINISTRATION
STATEMENT, VOUCHER AND SCHEDULE OF WITHDRAWALS AND CREDITS

BILLING DATE
02/27/85

CHARGE AND CREDIT WILL BE REPORTED ON CUSTOMER AGENCY
STATEMENT OF TRANSACTIONS FOR ACCOUNTING PERIOD ENDING ____________

CUSTOMER AGENCY

CUSTOMER AGENCY VOUCHER NO.
AGENCY LOCATION CODE (ALC)
BILLED OFFICE CODE 173573 AGENCY BUREAU 1700

DEPARTMENT
ADDRESS
COMMANDER NAVY ACCT & FIN CTR
ROOM 511 CRYSTAL MALL #3 INV IDA
WASHINGTON, D.C. 20376

SUMMARY

APPROPRIATION OR FUND	AMOUNT

BILLING AGENCY

BILLING AGENCY VOUCHER NO. A0026508
AGENCY LOCATION CODE 47-00-0000

DEPARTMENT
ADDRESS
GENERAL SERVICES ADMINISTRATION
OFFICE OF FIN FIN SRVC BR-BCFF
18TH & F STREETS NW
WASHINGTON, D.C. 20405

SUMMARY

APPROPRIATION OR FUND		AMOUNT
47F3875(012)	265x	4,047.11
	TOTAL	4,047.11

DETAILS OF CHARGES OR REFERENCE TO ATTACHED SUPPORTING DOCUMENTS
AUTOMATED DATA PROCESSING FUND SERVICES

PAYING OFFICE CONTACT
PROCESSED BY
TELEPHONE NO.

BILLING AGENCY CONTACT: PREPARED BY ACCOUNTS
RECEIVABLE BRANCH TELEPHONE NO. 202-472-1251

CERTIFICATION OF CUSTOMER OFFICE

I CERTIFY THAT THE ITEMS LISTED HEREIN ARE CORRECT AND PROPER FOR PAYMENT FROM AND TO THE APPROPRIATION(S) DESIGNATED.

____
DATE

____
TELEPHONE NO.

____
AUTHORIZED ADMINISTRATIVE OR CERTIFYING OFFICER

Completing a Preaudit of the GSA-789

Rules for Its Use - Continued

- GSA is not required to certify its bills to other government agencies.
- GSA does not normally attach signed receipts to bills as supporting documentation.
- Instead, GSA furnishes documents or billing cards with information that permits the customer agency to identify its requirements, purchase order, travel order, or other obligating documents.

References for Additional Information

For additional information on the use of the GSA-789, see:

- Your agency's policies and procedures manual
- GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7
- U.S. Code of Federal Regulations, Title 41.

Help

There are no examining procedures unique to the GSA-789. Use the general examining procedures found in part II of this desk reference guide.

Overview

Contents of Chapter 8

Chapter 8 discusses the following reimbursements to employees:

For Information on...	See Page...
SF-1164, "Claim for Reimbursement for Expenditures on Official Business"	3.50
SF-1129, "Reimbursement Voucher" (for use by imprest cashiers)	3.56

Completing a Preaudit of the SF-1164

Document

The SF-1164, "Claim for Reimbursement for Expenditures on Official Business," is used in agencies where a cashier has not been designated to reimburse employees who make authorized cash expenditures while on official business.

A copy of the SF-1164 follows this page.

What You Need to Know

To preaudit the SF-1164, you need to know its:

- Requirements
- Use as a voucher
- References for additional information.

Requirements

The requirements for use of the SF-1164 include:

- The SF-1164 will be maintained by employees as a record of reimbursable expenses incurred for:
    - All modes of transportation
    - Other expenditures of personal funds

  while on official business and when not subject to reimbursement on the SF-1012.
- The employee will record the details of the transactions.

  Examples: Dates, points of origin and destination, tips.

Standard Form 1164
August 1970
Title 7, GAO Manual
1164-209

CLAIM FOR REIMBURSEMENT FOR EXPENDITURES ON OFFICIAL BUSINESS

Voucher No. ____________

Schedule No. ____________

PAID BY

Agency ____

Name and mailing address of claimant ______________________________

______________________________ ZIP Code: ____________

Indicate by applicable letter, in column 2 below, whether expenditure was for (a) local travel or (b) telephone or telegraph. Miscellaneous expenditures must be specified in detail.

				†Mileage Rate ___¢		Amount Claimed		
Date 19	Code	From	To	Speedometer Readings	No. of Miles	Mileage	*Fare or Toll	Tip & Misc.
						$	$	$
			Subtotals from reverse →					
			Grand total →	$				

(SIGN ORIGINAL ONLY)

Approved as advantageous to the Government. Long distance telephone calls are certified as necessary in the interest of the Government.

____________ (Date) ____________ **(Approving Officer)

Certified correct and proper for payment:

____________ (Date) ____________ (Authorized Certifying Officer)

Certified correct. Payment or credit has not been received.

____________ (Date) ____________ (Signature of claimant)

Received in cash, $ ____________

____________ (Date) ____________ (Signature)

Paid by check No. ____________

ACCOUNTING CLASSIFICATION

---

*If fare claimed exceeds charge for one person, the number of additional persons accompanying claimant will be shown following applicable fare.

†If private automobile is used, show speedometer readings at beginning and end of trip and number of miles and rate per mile.

**If long distance telephone calls are included, the approving officer must have been authorized in writing by the head of the department or agency to so certify (31 U.S.C. 680a).

Completing a Preaudit of the SF-1164

Use as a Voucher

The SF-1164 may be used as a:

- Subvoucher in the imprest fund cashier's accounts
- A voucher that stands alone and can be paid by check through the SF-1166, "Voucher and Schedule of Payment."

References for Additional Information

For additional information on reimbursing employees for expenditures on official business, see:

- Your agency's policies and procedures manual
- Treasury Fiscal Requirements Manual, Title 4.

Help

For help in preauditing the SF-1164, use the examining procedures unique to the SF-1164 found on the next page.

Completing a Preaudit of the SF-1164

Examining Procedures Unique to the SF-1164

Examining Procedure	Support Documentation
1. Verify that necessary supporting documents are present.	Itemized receipts for expenditures above the current limit
2. Verify that the expenditure was authorized.	Certification that local or long-distance phone calls were official
3. Verify that the payment is in no way prohibited.	Job aid for checking for legal payment on pages 2.42-2.43.

Completing a Preaudit of the SF-1164

Examining Procedures Unique to the SF-1164 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that itemized receipts for expenditures above the current limit are present.	If not, contact the employee.	
2. Verify that phone calls are official and certified.	Contact employee and authorizing official.	
3. Verify that none of the items claimed are prohibited.	Disallow refreshments, beer, coffee.	

Completing a Preaudit of the SF-1129

Document

The SF-1129, "Reimbursement Voucher," is used to reimburse agency imprest fund cashiers.

A copy of the SF-1129 follows this page.

What You Need to Know

To preaudit the SF-1129, you need to know the:

- Definition of a government cashier
- Definition of an imprest fund
- Types of imprest funds
- References for additional information.

Definition of a Government Cashier

A government cashier is an officer or employee of a federal department, agency, or corporation who has been designated by an official government disbursing officer to receive monies and make cash disbursements.

Definition of an Imprest Fund

An imprest fund is a cash fund:

- In the form of currency, coin, or government checks
- Which has been advanced to a duly authorized government cashier
- For cash disbursements or other cash requirements
- As specified in the cashier's designation or authorization.

STANDARD FORM 1129
REVISED 2-82
DEPARTMENT OF THE TREASURY
I TFRM 4-4000
ATTACH SUBVOUCHERS HERE

CASHIER
REIMBURSEMENT VOUCHER AND/OR ACCOUNTABILITY REPORT

Voucher No. ....

Schedule No. ....

PAID BY

U.S. ....
(Department, bureau, or establishment)

Payee's name..

Mailing address..

....

For payments made on account of official business as per attached subvouchers numbers ______ to ______, inclusive, for the period ______, 19...., to ______, 19....; and reclaimed subvouchers numbers ______

STATUS OF FUND	DOLLARS	CENTS
This Voucher		
Unpaid Reimbursement Voucher Dated		
Unscheduled Subvouchers		
Interim Receipts for Cash		
Cash on Hand		
Advance or Reimbursement Checks on Hand		
Total		

AMOUNT	
DOLLARS	CENTS

Differences ______

Amount verified; correct for ______

(Signature or initials) ______

(For Administrative Use)

Approved:

I certify that the disbursements claimed herein are correct and proper, that payment has not been received, and that the status of the fund for which I am accountable is as stated above.

______ (Date) ______ (Cashier)

Title ______

Number of reimbursement checks desired ______
in the amounts of ______

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

______ (Date) ______ *Authorized Certifying Officer.*

ACCOUNTING CLASSIFICATION

Paid By Check(s) No.(s)

....

....

Paid by cash, $ .... on .... (Date)

Payee ....

The Privacy Act information requested is required under the provisions of 31 U.S.C. 82b and 82c, for the purpose of disbursing Federal money. The information is requested to identify the particular creditor and the amounts to be paid. Failure to furnish this information will hinder discharge of the payment obligation.

1129-107

NSN 7540-00-634-4219

☆ GPO : 1983 O - 381-526 (8254)

Completing a Preaudit of the SF-1129

Types of Imprest Funds

There are two types of imprest funds:

- Stationary

  Example: Change-making fund.

- Expendable.

  Note: An expendable fund may be replenished to a fixed amount as it is used or it may be refinanced in such amounts and at such times as may be required. It is up to the agency involved.

References for Additional Information

For additional information on government cashiers and imprest funds, see:

- Your agency's policies and procedures manual
- Treasury Manual of Procedures and Instructions for Cashiers
- Treasury Fiscal Requirements Manual
- Federal Procurement Regulations.

Help

For help in preauditing the SF-1129, use the examining procedures unique to the SF-1129 found on the next page.

Note: If a subvoucher is for a travel advance, use the examining procedures unique to the SF-1038 found on page 3.82.

Completing a Preaudit of the SF-1129

Examining Procedures Unique to the SF-1129

Examining Procedure	Support Documentation
1. Verify that necessary supporting documents are present.	Subvouchers
2. Verify that the expenditure was authorized.	Authorized official's certification of toll calls Procurement officer's approval of purchase of materials and supplies
3. Verify that the payment is within any legal limits to the expenditure.	Job aid for checking for legal payment on pages 2.42-2.43.

Completing a Preaudit of the SF-1129

Examining Procedures Unique to the SF-1129 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that any subvoucher for less than the current limit is marked "PAID."	If not, return it to the cashier and explain the regulation.	
Verify that any subvoucher over the current limit has the vendor's signature for receipt of cash.	If not, return it to the cashier for compliance.	
2. Verify that an authorized official has certified toll calls.	If not, return the voucher to the cashier for compliance.	
Verify that the procurement officer has approved any purchase of materials and supplies.	If not, send the voucher to the procurement officer for examination and approval.	
3. Verify that any regular purchase is within the current limitation.	If not, let the cashier handle it as an emergency purchase, if appropriate.	
Verify that any emergency purchase is within the current limit and supported by justification on the subvoucher.	If no justification is given or it exceeds the limitation, suspend the illegal subvoucher.	
Verify that any subvoucher in payment of transportation services is within the current limit.	If not, return it to the cashier for corrective action.	

Overview

Contents of Chapter 9

Chapter 9 discusses the following transportation charges:

For Information on...	See Page...
SF-1169, "U.S. Government Transportation Request" (GTR) and SF-1113, "Public Voucher for Transportation Charges"	3.63
SF-1103, "U.S. Government Bill of Lading" (GBL) and SF-1113, "Public Voucher for Transportation Charges"	3.70

Completing a Preaudit of the SF-1169 and SF-1113

Documents

The SF-1169, "U.S. Government Transportation Request" or GTR, is used to obtain passenger transportation service by or for persons authorized to travel on official government business.

The SF-1113 is used by carriers to bill government agencies for transportation services.

Copies of the SF-1169 and SF-1113 follow this page.

Note: Some agencies are beginning to use agency credit cards for transportation charges in place of the GTR. In these cases, transportation payments are examined similarly to payment for gasoline purchased with agency credit cards. (See chapter 11.)

What You Need to Know

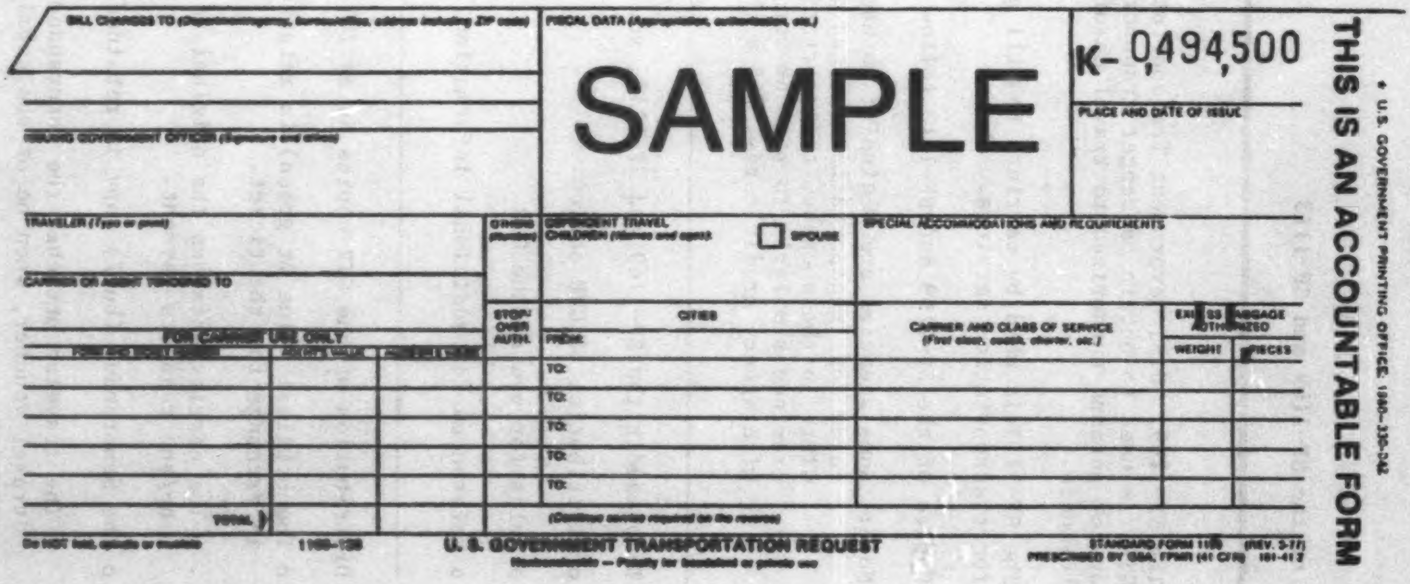
To preaudit the SF-1169 and SF-1113, you need to know the:

- Distribution of GTR copies
- Rules for use of the GTR
- References for additional information.

Distribution of GTR Copies

Distribution of the GTR copies is as follows:

- The original (blue or green) is retained by the carrier in exchange for the ticket.
  - The carrier attaches the original to the SF-1113 when he/she requests payment.
- The memorandum (buff) copy is retained by the traveler.
  - The traveler attaches the memorandum to the SF-1012, travel voucher, when he or she submits the voucher for payment.



★ U.S. GOVERNMENT PRINTING OFFICE: 1980—330-042

THIS IS AN ACCOUNTABLE FORM

BILL CHARGES TO (Department/agency, bureau/office, address including ZIP code)

FISCAL DATA (Appropriation, authorization, etc.)

SAMPLE

K- 0494500

PLACE AND DATE OF ISSUE

ISSUING GOVERNMENT OFFICER (Signature and title)

TRAVELER (Type or print)

OTHERS (Number)

DEPENDENT TRAVEL CHILDREN (Names and ages)

☐ SPOUSE

SPECIAL ACCOMMODATIONS AND REQUIREMENTS

CARRIER OR AGENT TENDERED TO

FOR CARRIER USE ONLY

[illegible]	[illegible]	[illegible]	STOP/ OVER AUTH.	CITIES	CARRIER AND CLASS OF SERVICE (First class, coach, charter, etc.)	EXCESS BAGGAGE AUTHORIZED	
						WEIGHT	PIECES
				FROM:			
				TO:			
				TO:			
				TO:			
				TO:			
				TO:			
TOTAL ▶				(Continue service required on the reverse)			

Do NOT fold, staple or mutilate   1169-128

U. S. GOVERNMENT TRANSPORTATION REQUEST

Nontransferable — Penalty for fraudulent or private use

STANDARD FORM 1169 (REV. 3-77)
PRESCRIBED BY GSA, FPMR (41 CFR) 101-41.2

Standard Form 1113
5 GAO [illegible]
1113-107

PUBLIC VOUCHER FOR TRANSPORTATION CHARGES

D. O. Vou. No. ....

Bu. Vou. No. ....

Sched. No. ....

PAID BY

U. S. ....
(Department or agency and bureau or service and location, as specified on subvoucher)

Carrier's Bill No.

THE UNITED STATES, Dr.,

To ....

Address ....

SERIAL No., INCLUDING SYMBOL	AMOUNT	
TOTAL CLAIMED		

For payment of services rendered as evidenced by attached subvouchers:

PAYEE'S CERTIFICATE

I certify that the account stated hereon, as evidenced by the attached subvouchers, is correct and just; that the services have been rendered as indicated; that payment has not been received; and that the rates charged are not in excess of the lowest net rates available for the Government, based on tariffs effective at the date of service.

....
(Date)

Payee* ....

Per ....

....
(Capacity)

ADMINISTRATIVE CERTIFICATE

I certify that the services indicated hereon were rendered as stated and evidenced by the attached subvouchers; that the services were necessary in the conduct of official business; and that the amount is a proper charge to the appropriation(s) shown.

....
(Date)

† Approved for $....................

† ....

Title ....
(Authorized certifying officer)

	AMOUNT	
Differences:		
Amount verified; correct for....................		

(Signature or initials) ....

ACCOUNTING CLASSIFICATION

Paid by Check No. ....

* When a voucher is signed in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "A. B. C. Railway Co., per John Doe, Comptroller," or "Auditor," as the case may be.

† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the blank space below "Approved for $...................." and over his official title.

The enclosed check settles voucher submitted for payment of the account described in the memorandum hereon.

(No acknowledgment of receipt of check is necessary)

Name: ....

Address: ....

....

MEMORANDUM

NOTE.—If the payee named in the attached voucher will supply below such data as will identify the check drawn in payment thereof with the account in his office, this slip will be mailed with the check.

....
(Department, Bureau, or Establishment)

Bill No. ....

Amount, $....................

....

....

....

....

U. S. GOVERNMENT PRINTING OFFICE [illegible]

Completing a Preaudit of the SF-1169 and SF-1113

Rules for Use of the GTR

Rules for using the GTR include:

- A GTR must be used to procure those passenger transportation services via common carrier that cost in excess of $100, excluding tax.

  Note: Common carrier includes airlines, railways, and bus lines.

  Note: Check agency directives to verify the current limit.

- A GTR may not be used for transportation involving taxi cabs, airport limousines, intracity transit, or rental vehicles.

  Note: In these situations, the traveler must pay cash or have the charges billed to the agency involved. Receipts are required for expenditures over $15. Check agency directives to verify the current limit.

- A single GTR cannot be issued for more than one type of transportation. If more than one type of transportation is used, separate GTRs must be issued.

  Example: A trip involving air and rail.

- A GTR may not be issued to procure common carrier transportation costing $10 or less, except for emergencies.

  Note: Check agency directives to verify the current limit.

- A GTR may not be issued to procure excess baggage charges costing $15 or less.

  Note: Check agency directives to verify the current limit.

- A GTR shall not be issued and used for personal transportation services or privileges that increase or exceed the cost of those authorized.

  Note: When an indirect route or accommodations superior to those authorized are used by the traveler for personal reasons, the additional cost, including the applicable share of the federal transportation tax, shall be at personal expense and paid directly to the carrier.

Completing a Preaudit of the SF-1169 and SF-1113

Rules for Use of the GTR — Continued

- A GTR is not to be issued for voluntary returns to residences on nonworkdays.
- Carrier bills must be paid upon presentation.
- Bills for passenger transportation services may be paid before service is completed.
- Government transportation requests may be issued to travel agencies that have contracts with GSA (Comptroller decision B-203171, July 9, 1981).

References for Additional Information

For additional information on transportation charges, see:

- Your agency's policies and procedures manual
- U.S. Code of Federal Regulations, Title 41
- GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 5.

Help

For help in preauditing the SF-1169 and SF-1113, use the examining procedures unique to the SF-1169 and SF-1113 found on the next page.

Completing a Preaudit of the SF-1169 and SF-1113

Examining Procedures Unique to the SF-1169 and SF-1113

Examining Procedure	Support Documentation
1. Verify that there is a proper invoice.	GTRs and SF-1113
2. Verify that the expenditure was authorized.	Justification of first-class accommodations

Completing a Preaudit of the SF-1169 and SF-1113

Examining Procedures Unique to the SF-1169 and SF-1113 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that the GTRs belong to your agency.	If not, deduct the amount of these GTRs from the bill and return the original GTR to the carrier with the form prescribed by your agency. Retain a copy of the form letter and attach it to the SF-1113.	
Verify that the vendor has signed or initialed the SF-1113.	If not, return the SF-1113 for signature.	
2. Verify justification for first-class accommodations.	If authorization is missing, advise the accounts receivable clerk to begin collection action.	

Completing a Preaudit of the SF-1103 and SF-1113

Documents

The SF-1103, "U.S. Government Bill of Lading" or GBL, is a multiuse document for requesting freight and express transportation and related services from commercial carriers including forwarders.

- The GBL and its various components serve as a:
  - "Shipping Order"
  - "Contract of Carriage"
  - Listing of material shipped
  - Notice of condition of shipment at final destination
  - Documentary evidence of title
  - Carrier's waybill
  - Freight bill to the government.

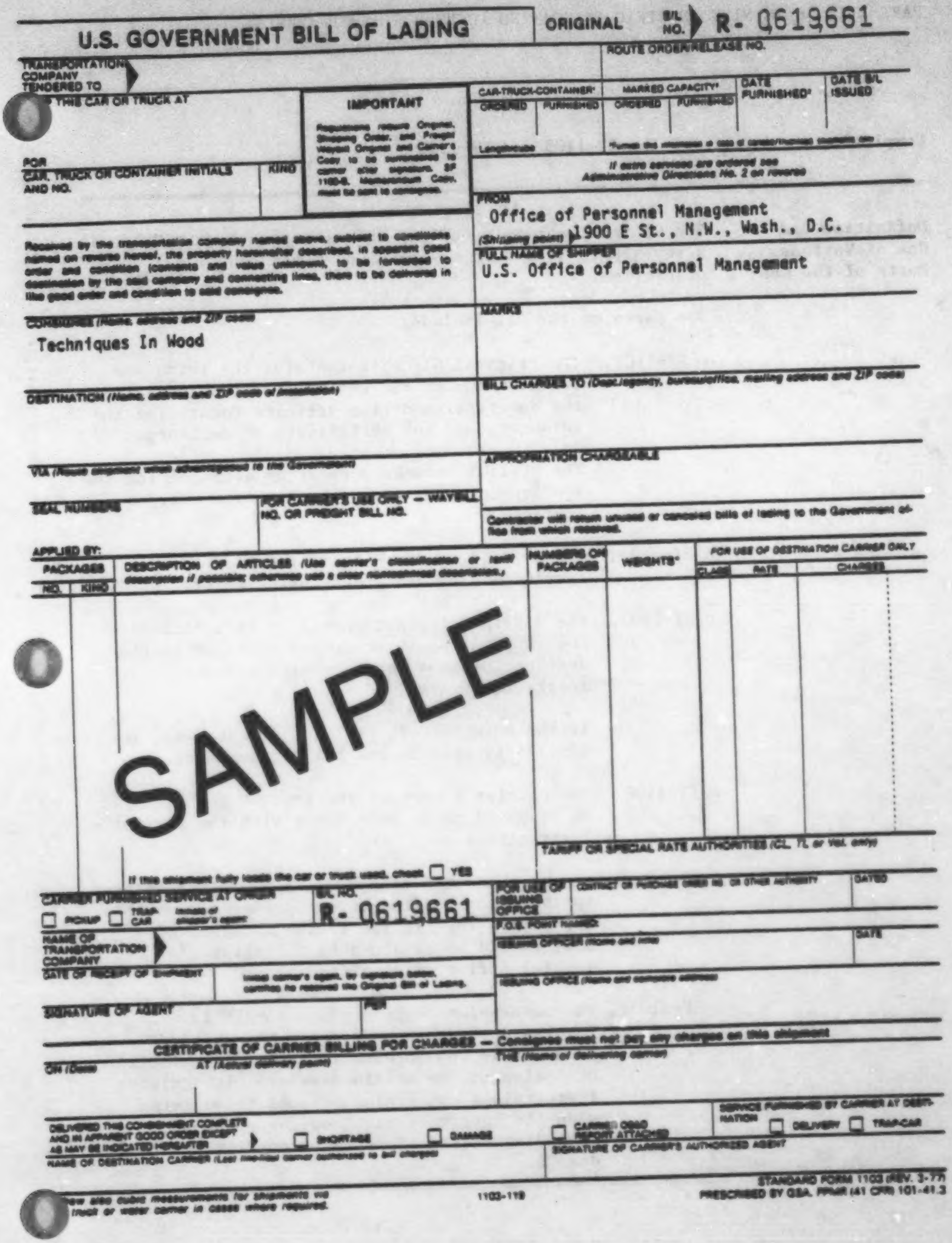
The SF-1113 is used by carriers to bill government agencies for transportation services.

A copy of the SF-1103 follows this page. See page 3.65 for a copy of the SF-1113.

What You Need to Know

To preaudit an SF-1103 and an SF-1113, you need to know the:

- Definition and use of various parts of the GBL
- Rules on the use of the GBL
- Information on the household goods descriptive inventory
- References for additional information.



U.S. GOVERNMENT BILL OF LADING

ORIGINAL

B/L NO. ▶ R- 0619661

TRANSPORTATION COMPANY TENDERED TO ▶

ROUTE ORDER/RELEASE NO.

P THIS CAR OR TRUCK AT

FOR

CAR, TRUCK OR CONTAINER INITIALS AND NO.

KIND

IMPORTANT

Requisitions return Original, Shipping Order, and Freight Waybill Original and Carrier's Copy to be surrendered to carrier after signature. SF 1103-B, Memorandum Copy, must be sent to consignee.

CAR-TRUCK-CONTAINER*		MARKED CAPACITY*		DATE FURNISHED*	DATE B/L ISSUED
ORDERED	FURNISHED	ORDERED	FURNISHED		
Length/cube					

*Furnish this information in case of carload/truckload shipments only

If extra services are ordered see Administrative Directions No. 2 on reverse

FROM

Office of Personnel Management

(Shipping point) ▶ 1900 E St., N.W., Wash., D.C.

FULL NAME OF SHIPPER

U.S. Office of Personnel Management

Received by the transportation company named above, subject to conditions named on reverse hereof, the property hereinafter described, in apparent good order and condition (contents and value unknown), to be forwarded to destination by the said company and connecting lines, there to be delivered in like good order and condition to said consignee.

MARKS

CONSIGNEE (Name, address and ZIP code)

Techniques In Wood

BILL CHARGES TO (Dept./agency, bureau/office, mailing address and ZIP code)

DESTINATION (Name, address and ZIP code of installation)

APPROPRIATION CHARGEABLE

VIA (Route shipment when advantageous to the Government)

SEAL NUMBERS

FOR CARRIER'S USE ONLY — WAYBILL NO. OR FREIGHT BILL NO.

Contractor will return unused or canceled bills of lading to the Government office from which received.

APPLIED BY:

PACKAGES		DESCRIPTION OF ARTICLES (Use carrier's classification or tariff description if possible; otherwise use a clear nontechnical description.)	NUMBERS OF PACKAGES	WEIGHTS*	FOR USE OF DESTINATION CARRIER ONLY		
NO.	KIND				CLASS	RATE	CHARGES
		SAMPLE					

TARIFF OR SPECIAL RATE AUTHORITIES (CL, TL or Vol. only)

If this shipment fully loads the car or truck used, check ☐ YES

CARRIER FURNISHED SERVICE AT ORIGIN

☐ PICKUP ☐ TRAP-CAR (made at shipper's agent)

B/L NO. R- 0619661

FOR USE OF ISSUING OFFICE

CONTRACT OR PURCHASE ORDER NO. OR OTHER AUTHORITY

DATED

F.O.B. POINT NAMED:

NAME OF TRANSPORTATION COMPANY ▶

ISSUING OFFICER (Name and title)

DATE

DATE OF RECEIPT OF SHIPMENT

Initial carrier's agent, by signature below, certifies he received the Original Bill of Lading.

ISSUING OFFICE (Name and complete address)

SIGNATURE OF AGENT

PER

CERTIFICATE OF CARRIER BILLING FOR CHARGES — Consignee must not pay any charges on this shipment

ON (Date)

AT (Actual delivery point)

THE (Name of delivering carrier)

DELIVERED THIS CONSIGNMENT COMPLETE AND IN APPARENT GOOD ORDER EXCEPT AS MAY BE INDICATED HEREAFTER ▶ ☐ SHORTAGE ☐ DAMAGE ☐ CARRIER OS&D REPORT ATTACHED

SERVICE FURNISHED BY CARRIER AT DESTINATION ☐ DELIVERY ☐ TRAP-CAR

NAME OF DESTINATION CARRIER (Last line-haul carrier authorized to bill charges)

SIGNATURE OF CARRIER'S AUTHORIZED AGENT

...ow also cubic measurements for shipments via truck or water carrier in cases where required.

1103-119

STANDARD FORM 1103 (REV. 3-77)
PRESCRIBED BY GSA, FPMR (41 CFR) 101-41.3

Completing a Preaudit of the SF-1103 and SF-1113

Definition and Use of Various Parts of the GBL	The GBL most commonly used is the nine-part form. There is a seven-part form that may be used at the agency's discretion.

The parts of the GBL include:

- SF-1103, the original GI$_t$ - It contains the terms and descriptions of the contract of transportation, the description of the articles comprising the shipment, and the certificate of delivery.

  The SF-1103 becomes supporting evidence for the voucher covering the transportation charges involved.

- SF-1104, the shipping order - It is retained by the carrier's agent at the shipping point.

- SF-1105, the original freight waybill - It accompanies the shipment or is otherwise conveyed to the destination in accordance with carrier instructions.

  If the original GBL is lost or destroyed, the SF-1105 is used as the billing document.

- SF-1106, the carrier's copy of the freight waybill - It is disposed of in accordance with the carrier's instructions.

- SF-1103a, the memorandum copies - One copy is transmitted to the fiscal office of the agency responsible for paying the transportation charges. One copy should be retained by the shipper's issuing office as an office record.

- SF-1103b, the memorandum copy--consignee - It is furnished to the consignee by the shipper immediately upon presenting the original bill of lading to the origin carrier. It includes instructions concerning actions to be taken when the consignee receives the shipment, including instructions for reporting loss and damage.

Completing a Preaudit of the SF-1103 and SF-1113

Rules on the Use of the GBL

Rules on the use of the GBL include:

- The GBL is used for all modes of transportation, including rail, motor, air, inland water, ocean, express, forwarders, and pipeline.
- GBL shipments may move within the United States (including Hawaii, Alaska, and U.S. trust territories) or between points in the United States and any other country.
- The GBL also may be used for government shipments between points outside the United States, if the carriers are willing to accept GBLs.
- The GBL cannot be used for transportation charges less than the current lower limit set by the Comptroller General.
- The initial carrier or his agent must sign and date the original GBL where the following certification is printed:

  "INITIAL CARRIER'S AGENT, BY SIGNATURE BELOW, CERTIFIES HE RECEIVED THE ORIGINAL BILL OF LADING."
- On local or single line movements, the carrier retains the original GBL until he or she can complete the "Certificate of Carrier Billing for Charges" at the bottom of the page.
- On interline or intermodal movements, the billing carrier will be responsible for completing the "Certificate of Carrier Billing for Charges."
- If there is any loss, damage, or shortage at the time of delivery, a description should be:
  - Noted on the carrier's receipt as well as on the consignee's copy of delivery documents
  - Signed by the consignee
  - Signed by the carrier's agent.
- The "U.S. Government Freight Waybill-Original" will be used to support the SF-1113 when the original GBL has been lost.

Completing a Preaudit of the SF-1103 and SF-1113

Information on Household Goods Descriptive Inventory

To preaudit an SF-1103 and SF-1113, you need to know the following points about the household goods descriptive inventory:

- Time of preparation - A household goods descriptive inventory is prepared by the carrier at the time the goods are loaded aboard the vehicle.
- Format - Common features of inventories include:
  - Column for identifying each article
  - Column for describing the condition at origin (using appropriate exception and location symbols)
  - Column for describing the condition at destination (using appropriate exception and location symbols)
  - Space for carrier's and owner's (or owner's agent's) signature at time of pickup and delivery.
- Use in adjudicating claims - The inventory is the primary document used in adjudicating employee claims against the government and government claims against the carrier.

References for Additional Information

For additional information on transportation charges, see:

- Your agency's policies and procedures manual
- U.S. Code of Federal Regulations, Title 41
- GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 5.

Completing a Preaudit of the SF-1103 and SF-1113

Help For help in preauditing the SF-1103 and the SF-1113, use the following examining procedures unique to the SF-1103 and SF-1113.

Examining Procedures Unique to the SF-1103 and SF-1113

Examining Procedure	Support Documentation
1. Verify that there is a proper invoice.	GBLs and SF-1113
2. Verify that necessary supporting documents are present.	Support documents for a household move, such as accessorial services, inventory listing, shortage or damage report (as applicable)
3. Verify that the name and address of the payee are correct.	GBL and SF-1113

Completing a Preaudit of the SF-1103 and SF-1113

Examining Procedures Unique to the SF-1103 and SF-1113 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that each GBL on the SF-1113 is a proper charge to your agency.	Delete any GBLs that should be billed to another agency from the SF-1113 and make a note on the SF-1113 and the tear-off mailer. Return the original GBL to the carrier for rebilling.	
2. If the SF-1113 is for a household move, verify that the GBL is accompanied by necessary supporting documents.	Consult special instructions for preparation of GBLs for household moves if there is any question.	
3. Verify that the billing company on the SF-1113 is the same as the company shown on the GBL as the last line-haul carrier authorized to bill charges.	If the companies are not the same, a certificate from the last line-haul carrier waiving payment to the billing carrier must be obtained.	

Chapter 10. Examining Employee Travel Claims

Overview

Contents of Chapter 10

Chapter 10 discusses the following employee travel payments:

For Information on...	See Page...
SF-1038, "Advance of Funds Application and Account"	3.79
SF-1012, "Travel Voucher"	3.84

Completing a Preaudit of the SF-1038

Introduction

This section of the chapter discusses how to complete a preaudit of a travel advance.

Document

The SF-1038, "Advance of Funds Application and Account," is used for advances to any traveler entitled to per diem, mileage, a subsistence allowance, or certain expenses incidental to a change of station.

- A copy of the SF-1038 follows this page.

Your agency uses its own form to authorize travel.

- Insert a copy of your agency's travel authorization after the SF-1038.

What You Need to Know

To preaudit an SF-1038, you need to know:

- The rules on its use
- Its use with an imprest fund
- References for additional information.

Rules on Use

The rules on the use of an SF-1038 include:

- In general, advances should be held to a minimum and allowed only when necessary.
- The amount of a travel advance should consider the character and probable duration of the travel involved.
- In general, travel advances will be paid from the appropriation from which travel expenses will be reimbursed.
- Outstanding travel advances on the general ledger must be supported by an SF-1038.

ADVANCE OF FUNDS APPLICATION AND ACCOUNT	1. TYPE OF ADVANCE ☐ CASH ☐ CHECK	2. TYPE OF TRAVEL ☐ TEMPORARY ☐ PERMANENT	3. NAME *(Last, first, middle initial)* 5. TELEPHONE NUMBER(S)	4. ACCOUNT NO. 6. SOCIAL SECURITY ACCOUNT NO.

In compliance with Privacy Act of 1974 the following information is provided: Solicitation of the information on this form is authorized by 5 U.S.C. Chapter 57 as implemented by the Federal Travel Regulations (FPMR 101-7), E.O. 11609 of July 22, 1971, E.O. 11012 of March 27, 1962, and E.O. 9397 of November 22, 1943. The primary purpose of the information is to facilitate the review, approval, accounting, and advancement of funds for travel and certain relocation allowance expenses to be incurred under appropriate administrative authorization. The requested information will be used by officers and employees of this agency who have a need for such information in the performance of their official duties. The information will be disclosed to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal, or regulatory investigations or prosecutions, or when pursuant to a requirement by this agency in connection with the hiring or firing of an employee, security clearances, or other investigations of the performance of official duty while in Government service. Your Social Security Number (SSN) is solicited for use as an employee identification number. Disclosure of the requested information is voluntary; however, failure to provide the information required may result in delay or suspension of your advance of funds request.

7. DEPARTMENT OR ESTABLISHMENT

8. BUREAU, DIVISION OR OFFICE

9. **APPLICATION** — *(For completion by applicant)*

An advance of funds is hereby requested for travel and other expenses to be incurred by me.	e. BALANCE DUE U.S. FROM PREVIOUS ADVANCE $
a. UNDER AUTHORIZATION NUMBER — b. DATE OF AUTHORIZATION	f. AMOUNT HEREIN APPLIED FOR $
c. TRAVEL PERIOD *From* *To*	g. TOTAL $
d. MAIL CHECK TO: ☐ OFFICE ☐ RESIDENCE *(Give address — number, street, city, State, ZIP code)*	*Note: Outstanding advances not fully recovered by deductions from reimbursement vouchers must be promptly repaid. When travel is canceled or indefinitely postponed, the full amount of any outstanding advance shall be repaid immediately.*

APPLICANT SIGN HERE ▶ DATE

10. APPROVAL ▶	SIGNATURE AND TITLE OF APPROVING OFFICIAL	DATE APPROVED	11. APPROPRIATION TO BE CHARGED
12 REMARKS		13. CASH PAYMENT RECEIVED	DATE

1038-108

STANDARD FORM 1038 (REV. 10-77)
Prescribed by GSA, FPMR (41 CFR) 101-7

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13. RECORD OF ACCOUNT

NAME

ACCOUNT NO.

TRANSACTION DATE	TRAVEL PERIOD		REFERENCE *(Schedule or voucher number)*	(Optional) MEMO OF APPROVED EXPENSE VOUCHER		ADVANCE ACCOUNT		
	FROM	TO		VOUCHER TOTAL	AMOUNT PAID EMPLOYEE	ADVANCED	REPAID	BALANCE DUE

REMARKS

1038-108

☆ U.S. Government Printing Office: 1983-398-115

STANDARD FORM 1038 BACK (REV. 10-77)

Completing a Preaudit of the SF-1038

Rules on Use — Continued

- Travel advances should be deducted from travel vouchers or refunded promptly by the traveler.

  Note: If an advance is not fully recovered, the amount should be deducted from the traveler's salary.

- The travel authorization shall be attached to the travel voucher or a reference shall be made on the voucher, stating to which voucher the authorization was attached.

- Each claim for reimbursement of travel expenses must be fully supported with pertinent documents required to verify the amounts claimed.

Use with an Imprest Fund

An SF-1038 may be used to support the advance of a small amount from an imprest fund.

Note: See your agency directives for the current limit.

References for Additional Information

For additional information on employee travel claims, see:

- Your agency's policies and procedures manual
- Federal Travel Regulations
- GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7.

Help

For help in completing a preaudit of a travel advance, use the examining procedures unique to the SF-1038 found on the next page.

Completing a Preaudit of the SF-1038

Examining Procedures Unique to the SF-1038

Examining Procedure	Support Documentation
1. Verify that there is a proper obligating document.	Travel authorization and SF-1038
2. Verify that payment is in no way prohibited.	Job aid for checking for legal payment on pages 2.42-2.43.

Completing a Preaudit of the SF-1038

Examining Procedures Unique to the SF-1038 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that the "type of advance" block is complete.	If not, process as a check disbursement.	
Verify that the "type of travel" block is complete.	If not, refer to the travel authorization for the information, and add it to the form.	
Verify the travel period.	If not, refer to the travel authorization for the information, and add it to the form.	
Verify that the applicant has signed and dated the form.	Return to the applicant for signature before processing.	
Verify that the purpose of the trip appears on the travel authorization, especially if the phrase "blanket authority" appears in the remarks section on the SF-1038.	If not, return it to the authorizing official.	
2. Verify that funds will not be used for residential transactions, non-temporary storage, or miscellaneous expenses.	Do not process an advance of funds for these purposes.	

Completing a Preaudit of the SF-1012

Introduction

This section of the chapter discusses how to complete a preaudit of a travel voucher.

Document

The SF-1012, "Travel Voucher," is used to reimburse a traveler on official government business for allowable expenses.

- A copy of the SF-1012 follows this page.

Your agency uses its own form to authorize travel.

- Insert a copy of your agency's travel authorization after the SF-1012.

What You Need to Know

To preaudit an SF-1012, you need to know about:

- Travel authorization
- Required administrative approvals
- Required receipts
- Current regulations on reimbursable items
- References for additional information.

Each of these items is discussed below.

Travel Authorization

Authority for travel is stipulated in the Federal Travel Regulations:

- Except as otherwise provided by law, all travel shall be either authorized or approved by the head of the agency or by an official to whom such authority has been delegated.
- Ordinarily, an authorization shall be issued prior to incurring expenses.
- The authorization shall be as specific as possible as to the travel to be performed.

TRAVEL VOUCHER

(Read the Privacy Act Statement on the back)

1. DEPARTMENT OR ESTABLISHMENT, BUREAU DIVISION OR OFFICE

2. TYPE OF TRAVEL
☐ TEMPORARY DUTY
☐ PERMANENT CHANGE OF STATION

3. VOUCHER NO.

4. SCHEDULE NO.

5. TRAVELER (PAYEE)
a. NAME *(Last, first, middle initial)*
b. SOCIAL SECURITY NO.
c. MAILING ADDRESS *(Include ZIP Code)*
d. OFFICE TELEPHONE NO.
e. PRESENT DUTY STATION
f. RESIDENCE *(City and State)*

6. PERIOD OF TRAVEL
a. FROM
b. TO

7. TRAVEL AUTHORIZATION
a. NUMBER(S)
b. DATE(S)

8. TRAVEL ADVANCE

a. Outstanding		
b. Amount to be applied		
c. Amount due Government *(Attached: ☐ Check ☐ Cash)*		
D. Balance outstanding		

9. CASH PAYMENT RECEIPT
a. DATE RECEIVED
b. AMOUNT RECEIVED $
c. PAYEE'S SIGNATURE

10. CHECK NO.

11. PAID BY

I hereby assign to the United States any right I may have against any parties in connection with reimbursable transportation charges described below, purchased under cash payment procedures (FPMR 101-7) ▶ *Traveler's Initials*

12. GOVERNMENT TRANSPORTATION REQUESTS, OR TRANSPORTATION TICKETS, IF PURCHASED WITH CASH *(List by number below and attach passenger coupon; if cash is used show claim on reverse side.)*	AGENT'S VALUATION OF TICKET *(a)*	ISSUING CARRIER *(Initials)* *(b)*	MODE, CLASS OF SERVICE AND ACCOMMODATIONS *(c)*	DATE ISSUED *(d)*	POINTS OF TRAVEL FROM *(e)*	POINTS OF TRAVEL TO *(f)*

13. I certify that this voucher is true and correct to the best of my knowledge and belief, and that payment or credit has not been received by me. When applicable, per diem claimed is based on the average cost of lodging incurred during the period covered by this voucher.

TRAVELER SIGN HERE ▶ DATE AMOUNT CLAIMED ▶ $

NOTE: Falsification of an item in an expense account works a forfeiture of claim (28 U.S.C. 2514) and may result in a fine of not more than $10,000 or imprisonment for not more than 5 years or both (18 U.S.C. 287; i.d. 1001).

14. This voucher is approved. Long distance telephone calls, if any, are certified as necessary in the interest of the Government. *(NOTE: If long distance telephone calls are included, the approving official must have been authorized in writing by the head of the department or agency to so certify (31 U.S.C. 680a).)*

APPROVING OFFICIAL SIGN HERE ▶ DATE

15. LAST PRECEDING VOUCHER PAID UNDER SAME TRAVEL AUTHORIZATION
a. VOUCHER NO.
b. D.O. SYMBOL
c. MONTH & YEAR

16. THIS VOUCHER IS CERTIFIED CORRECT AND PROPER FOR PAYMENT

AUTHORIZED CERTIFYING OFFICIAL SIGN HERE ▶ DATE

17. FOR FINANCE OFFICE USE ONLY
COMPUTATION $
a. DIFFERENCES, IF ANY *(Explain and show amount)*
b. TOTAL VERIFIED CORRECT FOR CHARGE TO APPROPRIATION $
Certifier's initials:
c. APPLIED TO TRAVEL ADVANCE *(Appropriation symbol)*: $
d. NET TO TRAVELER ▶ $

18. ACCOUNTING CLASSIFICATION

1012-116 NSN 7540-00-634-4180

STANDARD FORM 1012 (REV. 10-77)
Prescribed by GSA, FPMR (41 CFR) 101-7

SCHEDULE OF EXPENSES AND AMOUNTS CLAIMED

INSTRUCTIONS TO TRAVELER *(Unlisted items are self-explanatory)*

Col. (c) If the voucher includes per diem allowances for members of employee's immediate family, show members' names, ages, and relationship to employee and marital status of children (unless information is shown on the travel authorization.)

Complete only for actual expense travel

Col. (d) thru (g) Show amount incurred for each meal, including tax and tips, and daily total meal cost.

(h) Show expenses, such as: laundry, cleaning and pressing of clothes, tips to bellboys, porters, etc. (other than for meals).

(i) Complete for per diem and actual expense travel.

(j) Show total subsistence expense incurred for actual expense travel.

(m) Show per diem amount, limited to maximum rate, or if travel on actual expense, show the lesser of the amount from col. (j) or maximum rate.

(n) Show expenses, such as: taxi/limousine fares, air fare (if purchased with cash), local or long distance telephone calls for Government business, car rental, relocation other than subsistence, etc.

Complete this information if this is a continuation sheet. PAGE ____ OF ____ PAGES

TRAVEL AUTHORIZATION NO.

TRAVELER'S LAST NAME

DATE 19___	TIME (Hour and am/pm)	DESCRIPTION (Departure/arrival city, per diem computation, or other explanations of expense)	ITEMIZED SUBSISTENCE EXPENSES							MILEAGE RATE: ¢	AMOUNT CLAIMED		
			MEALS										
(a)	(b)	(c)	BREAKFAST (d)	LUNCH (e)	DINNER (f)	TOTAL (g)	MISCELLANEOUS SUBSISTENCE (h)	LODGING (i)	TOTAL SUBSISTENCE EXPENSE (j)	NO. OF MILES (k)	MILEAGE (l)	SUBSISTENCE (m)	OTHER (n)
								SUBTOTALS ▶					
								TOTALS ▶					

If additional space is required, continue on another SF 1012-A BACK, leaving the front blank.

Enter grand total of columns (l), (m) and (n), below and in item 13 on the front of this form.

TOTAL AMOUNT CLAIMED ▶

In compliance with the Privacy Act of 1974, the following information is provided: Solicitation of the information on this form is authorized by 5 U.S.C. Chap. 57 as implemented by the Federal Travel Regulations (FPMR 101-7), E.O. 11609 of July 22, 1971, E.O. 11012 of March 27, 1962, E.O. 9397 of November 22, 1943, and 26 U.S.C. 6011(b) and 6109. The primary purpose of the requested information is to determine payment or reimbursement to eligible individuals for allowable travel and/or relocation expenses incurred under appropriate administrative authorization and to record and maintain costs of such reimbursements to the Government. The information will be used by officers and employees who have a need for the information in the performance of their official duties. The information may be disclosed to appropriate Federal, State, local, or foreign agencies, when relevant to civil, criminal, or regulatory investigations or prosecutions, or when pursuant to a requirement by this agency in connection with the hiring or firing of an employee, the issuance of a security clearance, or investigations of the performance of official duty while in Government service. Your Social Security Account Number (SSN) is solicited under the authority of the Internal Revenue Code (26 U.S.C. 6011(b) and 6109) and E.O. 9397, November 22, 1943, for use as a tax payer and/or employee identification number; disclosure is MANDATORY on vouchers claiming travel and/or relocation allowance expense reimbursement which is, or may be, taxable income. Disclosure of your SSN and other requested information is voluntary in all other instances; however, failure to provide the information (other than SSN) required to support the claim may result in delay or loss of reimbursement.

☆U.S. G.P.O. 1982-361-526/8092

Completing a Preaudit of the SF-1012

Required Administrative Approvals

Administrative approvals are required for:

- Return to official station due to illness or injury
- Use of a privately owned conveyance (POV) on an actual expense basis
- Excess baggage charges
- Continuation of per diem during a leave of absence due to illness or injury
- Continuation of actual subsistence during leave of absence due to illness or injury
- Charges for arranging reservations of accommodations.

Note: In addition, the authorizations and approvals required by the Federal Travel Regulations must be specifically stated in agency regulations, travel orders, or reimbursement vouchers.

Required Receipts

Reimbursable items that require submission of receipts include:

- Actual subsistence expenses for lodging
- Allowable cash expenditures over the current limit, plus any applicable tax

  Note: Check your agency directives to verify the current limit.
- Excess baggage
- Baggage, transfer, and checking charges
- Fees relating to travel outside the conterminous United States
- Hire of a special conveyance.

Completing a Preaudit of the SF-1012

Required Receipts — Continued

- Operating expenses for a privately owned conveyance
- Cash payments for passenger transportation services
- Freight or express shipments
- Rental of rooms for official business
- Clerical assistance
- Rental of typewriters
- Personal services
- Stenographic and typing services.

Note: When receipts are not available, expenditures must be explained on the voucher.

Current Regulations on Reimbursable Items

When preauditing an SF-1012, you must be aware of current Federal Travel Regulations and Comptroller General decisions regarding allowable reimbursements.

Regulations and decisions address reimbursable items related to:

- Travel
- Per diem allowances
- Actual subsistence allowances.

Each of these items is discussed below.

Completing a Preaudit of the SF-1012

Travel

Current regulations and decisions on reimbursable travel items can be summarized under the following points:

o Common carrier transportation

- Regulations cover cost factors, including per diem.
- Basic rule: In general, less than first class accommodations shall be used.

o Privately owned conveyances (POV)

- Regulations cover
    - allowances
    - acceptable means of determining distances
    - the use of a POV
    - the use of a POV in lieu of a government vehicle
    - the use of a POV in lieu of a common carrier.
- Basic rules:
    - Mileage deviations must be explained.
    - A POV may be used if its use is advantageous to the government.

o Rented conveyances

- Regulations cover authorized transportation, allowances, and prohibited charges.

o Local transportation when traveling on official business

- Regulations cover local transportation involving the official duty station and the temporary duty station.

Completing a Preaudit of the SF-1012

Per Diem Reimbursements

Current regulations and decisions on per diem reimbursements can be summarized under the following points:

- Definition of per diem - A fixed amount paid to the traveler on official government business for his or her daily reimbursable expenses, regardless of the actual cost.

  Note: There are a number of different formulas for determining the amount of per diem. Verify the procedures used by your agency.

- Regulations on per diem cover:
  - Authority to determine per diem rates
  - Reimbursable expenses for food, lodging, transportation, and gratuities.

- Basic rules include:
  - Per diem may not be paid for duty at the employee's official station.
  - Departure and arrival times reported on travel vouchers should be the standard times in effect at the localities involved.
  - Per diem begins and ends when the traveler leaves or arrives at the office, home, or other point.
  - Per diem cannot be paid when travel begins and ends during the same calendar day and is 10 hours or less, unless...
    - Travel is 6 hours or more, and
    - Travel begins before 6 a.m. or terminates after 8 p.m.

Completing a Preaudit of the SF-1012

Actual Subsistence Reimbursements

Current regulations and decisions on actual subsistence reimbursements can be summarized under the following points:

- Definition
- Policy
- Regulations
- Basic rules.

Each of these items is explained below.

Definition

An actual subsistence allowance is a reimbursement to a traveler on official government business for the allowable actual costs of food, lodging, transportation, and gratuities.

Policy

"Approval shall be limited to specific travel assignments where, due to the unusual circumstances of the assignment, the maximum per diem allowance would be much less than the amount required to meet the necessary subsistence expenses of the traveler."
(paragraph 1-8.1 of the Federal Travel Regulations)

- "Specific travel assignments" precludes blanket use in high cost areas.
- "Unusual circumstances of the assignments" cannot be used to offset generally high prices.
- "Per diem would be much less than actual expenses" means that:
  - Actual subsistence cannot be paid where subsistence expenses are only slightly higher than the per diem allowance.
  - Actual subsistence should be used when hotel costs consume most of the per diem allowance.

Completing a Preaudit of the SF-1012

Regulations

Regulations address the maximum daily allowances and high-rate geographic areas.

Basic Rules

Basic rules on the use of actual subsistence allowances include:

- The conditions for use are prescribed by the agency.
- The use is limited to assignments where necessary subsistence costs are unusually high.
- Authority to approve actual subsistence allowances is restricted to agency heads who are limited in their delegation of this authority.
- The maximum daily amount authorized must be stated in the travel authorization.
- The traveler must itemize all expenses.
- Lodging receipts must be submitted.
- Actual subsistence may not be paid for an employee at his or her official station.
- The "10-hour rule" does not apply to actual subsistence.
- Generally, the employee will be reimbursed for the lesser of the amount spent or the rate for a high-rate geographic area.

Note: The employee may be reimbursed for actual subsistence expenses for part of the travel days and on a per diem basis for the remainder.

References for Additional Information

For additional information on reimbursement of travel expenses, see:

- Your agency's policies and procedures manual
- Federal Travel Regulations
- Relevant Comptroller General decisions
- U.S. Code of Federal Regulations, Title 5.

Completing a Preaudit of the SF-1012

Help

For help in preauditing travel vouchers, use the following examining procedures unique to the SF-1012.

Examining Procedures Unique to the SF-1012

Examining Procedure	Support Documentation
1. Verify that an appropriate request for payment has been submitted.	SF-1012
2. Verify that the necessary supporting documents are present.	Required receipts for expenditures A statement that the employee is not committed to use of a government vehicle, if he or she has elected to use his or her own vehicle when a government one is available
3. Verify that there is a proper obligating document.	Travel order or authorization

Completing a Preaudit of the SF-1012

Examining Procedures Unique to the SF-1012 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that the traveler signed block 13 on the SF-1012 in ink. Verify that any cross-outs and replacements of totals on the SF-1012 have been initialed by the traveler.	If not, return the SF-1012 to the traveler for signature. If not, return the SF-1012 to the traveler for compliance.	
2. Verify that a receipt or a reasonable explanation for a missing receipt is attached for every item requiring a receipt. Verify that a signed statement appears on the authorization or voucher when a government vehicle is available but the employee has elected to use his or her own vehicle as matter of preference.	If not, contact the traveler. If not, contact the traveler.	
3. Verify that a proper travel authorization is on file or attached to the voucher.	If not, contact the authorizing official.	

Completing a Preaudit of the SF-1012

Examining Procedures Unique to the SF-1012 — Continued

Examining Procedure	Support Documentation
4. Verify that the expenditure was authorized.	Travel authorization and SF-1012 Authorization of long distance phone calls Authorization of use of taxi cabs or rental car
5. Verify that the goods or services were delivered.	Memorandum copy of the GTR and traveler's carrier ticket

Completing a Preaudit of the SF-1012

Examining Procedures Unique to the SF-1012 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
4. Verify that the travel authorization and the SF-1012 agree.	If these items do not agree, contact the traveler or authorizing official, as appropriate.	
Verify that the expenses claimed on the SF-1012 and the accompanying statements and attachments support the trip's purpose on the travel authorization. Verify that the expenses conform to the allowances authorized by Federal Travel Regulations.	If there is an improper claim, suspend the claim. Reflect the amounts suspended in the "difference" block 17 of the SF-1012. Notify the traveler why the item was deducted with reference to a regulation or Comptroller General decision.	
Verify that long distance phone calls are properly recorded and authorized.	If not, contact the individual with delegated authority to approve long distance calls.	
Verify that any use of taxi cabs or rental cars was authorized.	If the traveler did not secure authorization prior to his or her travels, he or she must have gained approval after traveling and shown it on the travel voucher. If such approval is absent, disallow the voucher.	
5. Compare the entries in block 12 of the SF-1012 with the memorandum copy of the GTR and traveler's carrier ticket.	If they do not agree, contact the traveler.	

Completing a Preaudit of the SF-1012

Examining Procedures Unique to the SF-1012 — Continued

Examining Procedure	Support Documentation
6. Verify that the payment is compatible with any specifications for the expenditure.	SF-1012
7. Verify that the amounts are accurate and arithmetically correct.	Travel authorization and SF-1012
8. Verify that the amount of payment is accurate.	SF-1012 and SF-1038, if appropriate

Completing a Preaudit of the SF-1012

Examining Procedures Unique to the SF-1012 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
6. Verify that the traveler initialed the statement on the SF-1012 assigning rights under cash payment procedures for transportation tickets, if applicable.	If applicable and omitted, return the SF-1012 to the traveler for compliance.	
7. Verify whether the per diem or actual subsistence allowance was used by checking the travel authorization. Average the total lodging if receipts are attached or look for the traveler's certification of the average cost of lodging.	Use the authorized rate when calculating travel claims. Make corrections if necessary. Contact the traveler if any necessary certification is missing.	
8. Verify that any outstanding travel advance issued specifically for this trip has been applied properly.	If an outstanding advance has not been applied, contact the traveler.	

Overview

Contents of Chapter 11

Chapter 11 discusses the following miscellaneous payments:

For Information on...	See Page...
SF-1143, "Advertising Order/Public Voucher for Advertising"	3.101
Preauditing utility payments	3.108
Preauditing gasoline credit card purchases	3.116
Preauditing invoices for car rentals	3.121
SF-1145, "Voucher for Payment Under Federal Tort Claims"	3.124
What you need to know about payments for: o P.O. box rental o Wearing apparel o Allowances for uniforms o Cylinder demurrage o Immunizations and innoculations o Contract field printing o Foreign currency payments o Repairs to equipment o Books, periodicals, and other publications.	3.130

Completing a Preaudit of the SF-1143

Document

The front of the SF-1143, "Advertising Order," is used to place all orders for advertising in newspapers and periodicals.

The back of the SF-1143, "Public Voucher for Advertising," is used for all payments for advertising.

A copy of the SF-1143 appears on the following pages.

What You Need to Know

To preaudit the SF-1143, you need to know:

- Its rules
- References for additional information.

Rules

Rules on use of the SF-1143 include:

- No advertisement, notice, or proposal for an executive department of the government may be published, except by written authority.
- An invoice must have a copy of "written authority" attached in order to be paid.
- Delegation of authority to authorize advertising must be made in writing by the agency head.
- The cost of advertising should not exceed commercial rates.
- Evidence of publication shall be made and furnished by the printer or publisher under oath.

PUBLIC VOUCHER FOR ADVERTISING

DEPARTMENT OR ESTABLISHMENT, BUREAU OR OFFICE		**For Agency Use Only** VOUCHER NUMBER
PLACE VOUCHER PREPARED	DATE PREPARED	SCHEDULE NUMBER
NAME OF PUBLICATION		PAID BY
NAME OF PUBLISHER OR REPRESENTATIVE		
ADDRESS (*Street, room number, city, State, and ZIP code*)		

CHARGES

TYPEFACE (*size of type*) POINT PER (*inch, square, word, or folio*)

Line Rates		NUMBER OR LINES (*Indicate counted or space*)	COST PER LINE	TOTAL COST
	FIRST INSERTION		$	$
	ADDITIONAL INSERTIONS GIVE NUMBER ▶			
	TOTAL			$
Other Rates		NUMBER OF UNITS (*Indicate inch, square, word, folio*)	COST PER UNIT	TOTAL COST
	FIRST INSERTION		$	$
	ADDITIONAL INSERTIONS GIVE NUMBER ▶			
	TOTAL			$

Attach one copy of advertisement *(including upper and lower rules)* to each copy of voucher here. If copy is not available sign the following affidavit.

TOTAL LINE RATES AND OTHER RATES	
LESS DISCOUNT AT %	
BALANCE DUE	$
VERIFIED (*Initials*)	

AFFIDAVIT

This represents a true billing for the attached advertising order, with specifications and copy, which has been completed.

SIGNATURE OF PUBLISHER OR REPRESENTATIVE

TITLE	DATE

FOR AGENCY USE ONLY

ADVERTISEMENT PUBLISHED IN	DATE PUBLISHED
I certify that the advertisement described above appeared in the named publication and that this account is correct and eligible for payment.	
SIGNATURE AND TITLE OF CERTIFYING OFFICER	DATE
SIGNATURE AND TITLE OF AUTHORIZING OFFICER	DATE
ACCOUNTING CLASSIFICATION	PAID BY CHECK NUMBER

---

[1] If the ability to certify and authority to approve are combined in one person enter "N/A" (*not applicable*) here.

U.S. GPO: 1974—[illegible]

September 1973
4 Treasury FRM 3000
Standard Form No. 1143

ADVERTISING ORDER

ORDER NUMBER

DATE

DEPARTMENT OR ESTABLISHMENT, BUREAU OR OFFICE

The publisher of the publication named below is authorized to publish the enclosed advertisement according to the schedule below provided the rates are not in excess of the commercial rates charged to private individuals with the usual discounts. It is to be set solid, without paragraphing, and without any display in the heading unless otherwise expressly authorized in the specifications.

NAME OF THE PUBLICATION ADVERTISED IN

SUBJECT OF ADVERTISEMENT	EDITION OF PAPER ADVERTISEMENT APPEARED
NUMBER OF TIMES ADVERTISEMENT APPEARED	DATE(S) ADVERTISEMENT APPEARED

SPECIFICATIONS FOR ADVERTISEMENT

COPY FOR ADVERTISEMENT

AUTHORITY TO ADVERTISE	INSTRUMENT OF ASSIGNMENT
NUMBER	NUMBER
DATE	DATE
SIGNATURE OF AUTHORIZING OFFICIAL	TITLE

INSTRUCTIONS TO PUBLISHERS

Extreme care should be exercised to insure that the specifications for advertising to be set other than solid be definite, clear, and specific since no allowance will be made for paragraphing or for display or leaded or prominent headings, unless specifically ordered, or for additional space required by the use of type other than that specified. Specifications for advertising other than solid and the advertisement copy submitted to the publisher will be attached to the voucher. The following is a sample of solid line advertisement set up in accordance with the usual Government requirements.

DEPARTMENT OF HIGHWAYS & TRAFFIC, D.C. Bids are requested for first spring 1966 cement concrete repair contract, including incidental work, Washington, D.C. Invitation No. C-[illegible], consisting of 11,000 sq. yds. PCC Class [illegible] sidewalk repair and 2,000 sq. yds. PCC Class A pavement, alley, & driveway repair, both [illegible] [illegible] only. Bidding material available from the Procurement Officer, D.C. Sealed bids to be opened in the Procurement Office at 2:00 p.m. November 15, 1965.

Your bill for this advertising order should be submitted on the "Public Voucher for Advertising" form, which is printed on the reverse of this form, immediately after the last publication of the advertisement. If copies of the printed advertisement are not available, complete the affidavit provided on the voucher. Submit the voucher and a copy of the printed advertisement to ▶..............................

....

IMPORTANT

Charges for advertising when a cut, matrix, stereotype or electrotype is furnished will be based on actual space used and no allowance will be made for shrinkage.

In no case shall the advertisement extend beyond the date and edition stated in this order.

1143-107

Completing a Preaudit of the SF-1143

Rules — Continued	o When multiple invoices are sent from a single publisher who does not object to receiving a single payment, the "Public Vouchers for Advertising" may be processed in a combined amount on either the SF-1034 or the SF-1166. o When processing single payments for advertising, attach a properly executed "Public Vouchers for Advertising" to the combined voucher or voucher-schedule.
References for Additional Information	For additional information on payments for advertising, see: o Your agency's policies and procedures manual o U.S. Code of Federal Regulations, Titles 5 and 44 o GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7.
Help	For help in preauditing the SF-1143, use the examining procedures unique to the SF-1143 found on the next page.

Completing a Preaudit of the SF-1143

Examining Procedures Unique to the SF-1143

Examining Procedure	Support Documentation
1. Verify that the expenditure was authorized.	SF-1143
2. Verify that the goods or services were delivered.	Clipping of article or affidavit of publication from the vendor

Completing a Preaudit of the SF-1143

Examining Procedures Unique to the SF-1143 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that an authorized official has signed the "Advertising Order" on the SF-1143.	If not, return to the vendor for compliance.	
2. Verify that the invoice contains a clipping of the published article or an affidavit of publication.	If not, return to the vendor for compliance.	

Completing a Preaudit of Utility Payments

Document

There is no standard voucher for utility payments.

Insert a copy of the voucher used by your agency for utility payments after this page.

What You Need to Know

To preaudit utility payments, you need to know the:

- Definition of utility services
- Government agreements with utility companies
- Government agreements for telephone service
- Government agreements for telegraph service
- Caution about payment totals on invoices
- Rules on the use of government phones
- Rules on the use of commercial telegraph services
- References for additional information.

Each of these items is explained below.

Definition of Utility Services

Utility services commonly include:

- Telephone
- Electricity
- Gas
- Water
- Sewage
- Garbage collection.

Completing a Preaudit of Utility Payments

Government Agreements with Utility Companies

Rules on government agreements with utility companies include:

o When a public utility's rates have been fixed or adjusted by federal, state, or other regulatory bodies, the government does not have to enter into a contract.

Exception: An exception is made if a contract is considered in the best interest of the government.

o Public utilities will not be required to furnish rate schedules for services when the companies furnish, or the invoices show, the:

- Total amount of the services furnished
- Unit rates charged for the service, and
- Total amount charged.

o These regulations do not preclude the use of government contracts where the companies require agreements or contracts for furnishing services.

Government Agreements for Telephone Service

Rules on government agreements for telephone service include:

o Contracts for telephone services are not necessary when:

- Telephone rates and charges are fixed or adjusted by federal, state, or other regulatory body, and
- The telephone company does not require execution of an agreement or contract.

o Under the above conditions, the Comptroller General only requires certification that the telephone equipment or services were actually furnished.

o The SF-147, or a similar purchase order, should be used to obtain the initial office approval and fund commitment.

Completing a Preaudit of Utility Payments

Government Agreements for Telegraph Service

Because telegraph service rates are based on tariffs by the Federal Communications Commission, contracts are not required.

Caution About Payment Totals on Invoices

Often a utility bill will show arrears from the previous month even though the payment check may be in the company's office, because the payment check was not received by the new invoice date.

Rules on the Use of Government Phones

The rules on use of government phones include:

- Long distance calls must be certified to be official, necessary, and in the interest of the government.
- Such calls may be certified only by authorized officials.
- The cost of personal long distance calls should be collected from the persons who made the calls.
- Charges for telephone calls within a metropolitan exchange that are billed as message units do not require certification.
- Reimbursement for government-owned or -leased facilities does not require certification.
- The agency head is responsible for ensuring the use of government-owned or -leased facilities when available.
- Payments for telephone installations in private residences is prohibited, except as otherwise provided by law.
- The use of credit cards for long distance phone calls should be limited and controlled by the agency.

Completing a Preaudit of Utility Payments

Rules on the Use of Commercial Telegraph Services

The rules on the use of commercial telegraph services include:

- Use is restricted to official business.
- Supporting documentation for the invoice is not required if agency controls provide that:
  - Services were actually used
  - Services were for official government business
  - The rates charged conform to appropriately approved rate schedules.
- The use of credit cards for commercial telegraph services should be limited and controlled by the agency involved.
- Messages should be examined to determine whether they are personal or official.

  Note: Examples of personal messages whose cost should be collected from the person making the transmission include arrangements concerning leave, hotel reservations, salary, or travel payments.
- Original messages bearing transcription marks should be attached to an invoice as proof of delivery.
- For incoming collect messages, acceptable proof of delivery of service is the tissue copy bearing transcription marks.
- It is not necessary to verify tariff rates for individual messages.

References for Additional Information

For additional information on making utility payments, see:

- Your agency's policies and procedures manual
- U.S. Code of Federal Regulations, Title 31.

Completing a Preaudit of Utility Payments

Help For help in preauditing utility payments, use the following examining procedures unique to utility payments.

Examining Procedures Unique to Utility Payments

Examining Procedure	Support Documentation
1. Verify that the expenditure was authorized.	Authorization of officials delegated to certify long distance phone calls Certification of long distance phone calls as official.
2. Verify that the goods or services were delivered.	Copies of telegraphic messages with transcription marks For metered services, the previous bill with meter reading
3. Verify that the payment was approved.	Approval by an official in the receiving office
4. Verify that the amounts are accurate.	Telegraph messages and billing document

Completing a Preaudit of Utility Payments

Examining Procedures Unique to Utility Payments — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify your agency's written authorization of persons designated to certify long distance calls.	Obtain missing authorizations.	
Verify that any long distance calls have been properly certified.	If not, return the bill to the responsible office.	
2. Verify that telegraphic messages with transcription marks accompany the bill.	If not, contact the responsible office or utility.	
Verify the beginning reading for any metered service by comparing it with a previous bill.	If the previous reading does not agree, contact the utility.	
3. Verify that all utility bills are approved by an official in the receiving office.	If not, return the bills to the responsible office for compliance.	
4. Verify that the amount shown on each telegraphic message appears correctly on the bill.	If not, make corrections.	

Completing a Preaudit of Utility Payments

Examining Procedures Unique to Utility Payments — Continued

Examining Procedure	Support Documentation
5. Verify that the amount of payment is accurate.	Billing document
6. Verify that a deduction can be taken.	Billing document

Completing a Preaudit of Utility Payments

Examining Procedures Unique to Utility Payments — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
5. Verify whether any other than current charges are due.	If not, deduct any arrears from previous month(s) and make the proper notation on the payment enclosure.	
6. Verify the reason for any credit balance that appears.	Contact the utility if it is necessary to identify a reason for a credit.	
Deduct any valid credit from the next payment.	Make proper notations on all documents if a valid credit will be deducted from the next payment.	
7. Verify that the vendor can identify payments when a voucher includes several invoices.	If not, identify individual payments for the vendor.	

Completing a Preaudit of Gasoline Credit Card Purchases

Document

There is no standard voucher for payments for gasoline credit card purchases.

Insert a copy of the voucher that your agency uses for gasoline credit card purchases after this page.

What You Need to Know

To preaudit gasoline credit card purchases, you need to know about:

- Tax exemptions
- Evidence that goods or services were ordered and received
- Rules for processing payments
- References for additional information.

Each of these items is discussed below.

Tax Exemptions

State practices with regard to tax exemptions for gasoline purchases vary.

- Some states require issuance of the SF-1094, "U.S. Tax Exemption Certificate," for the exemption from state motor fuel taxes.
- Some states allow automatic exemption.
- Some states allow automatic exemption with some companies and require a certificate with other companies.

Completing a Preaudit of Gasoline Credit Card Purchases

Tax Exemptions — Continued

GAO states that a tax exemption shall not be prepared for purchases on which the taxes are $10 or less.

- o If a state requires the SF-1094 and the taxes are for $10 or less, pay the taxes.

Note: Check your agency's directives to verify the current limit.

Evidence That Goods or Services Were Ordered and Received

For gasoline credit card purchases, the government employee's signature on the supporting delivery ticket (or hard copy) is evidence that the goods and services were ordered and received. A purchase order is not required.

Rules for Processing Payments

Rules for processing payments include:

- o Only purchases on credit cards issued in the name of your agency or one of its offices can be processed and approved for payment.
- o If an employee purchases goods or services for official government business on his or her personal credit card, the employee must pay the company and then claim reimbursement either on a travel voucher or an SF-1164.

References for Additional Information

For additional information on payments for gasoline credit card purchases, see:

- o Your agency's policies and procedures manual
- o GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7.

Note: See appendix 3 of this desk guide for further information on the SF-1094, "U.S. Tax Exemption Certificate."

Completing a Preaudit of Gasoline Credit Card Purchases

Help

For help in preauditing gasoline credit card purchases, use the following examining procedures unique to gasoline credit card purchases.

Examining Procedures Unique to Gasoline Credit Card Purchases

Examining Procedure	Support Documentation
1. Verify that necessary supporting documents are present.	Delivery tickets from vendor Tissue copies from employees
2. Verify that special certificates are furnished as necessary.	SF-1094, "U.S. Tax Exemption Certificate"
3. Verify that the goods or services were delivered.	Delivery tickets
4. Verify that the payment was approved.	Approval by an authorized official

Completing a Preaudit of Gasoline Credit Card Purchases

Examining Procedures Unique to Gasoline Credit Card Purchases — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that each delivery ticket attached to the vendor's invoice matches a corresponding tissue copy with the receiving report.	If not, verify that the original does not belong to your agency and return it.	
2. Determine whether state motor fuel and state and local taxes are payable. Determine whether an SF-1094 is required and whether taxes fall below the current limit.	Submit an SF-1094, tax exemption certificate, where appropriate. If so, pay the tax and note on the original mailer copy of invoice, "In those states requiring SF-1094, state taxes of less than ___ have been re-added to the invoice."	
3. Verify that the "signed" delivery tickets in support of the invoice are for your agency.	If the credit card does not belong to your agency, return the delivery tickets to the vendor.	
4. Verify that the original invoice is approved for payment by an authorized official.	If not, return it to an authorizing official.	

Completing a Preaudit of Invoices for Car Rentals

Document

There is no standard voucher for paying car rental fees.

Insert a copy of the voucher that your agency uses to pay car rental fees after this page.

What You Need to Know

To preaudit car rental payments, you need to know about:

- Authorization of car rentals
- Rules
- References for additional information.

Authorization of Car Rentals

The travel authorization must specifically authorize the use of a rental vehicle.

Rules

Rules on car rental payments include:

- When selecting among commercially rented vehicles, the employee must give first consideration to government contract rental vehicles available under a GSA "Federal Supply Schedule" contract.
- The employee must pay car rental charges and claim reimbursement on the travel voucher.

  Note: Watch for possible duplicate payments.
- Rental car agencies may request payment by submitting:
  - A statement consolidating several charges and supported by individual invoices.
  - Each rental agreement as it occurs.

Completing a Preaudit of Invoices for Car Rentals

References for Additional Information

For additional information on car rental payments, see:

- Your agency's policies and procedures manual
- Federal Travel Regulations.

Help

For help in preauditing car rental payments, see the following examining procedures unique to car rental payments.

Examining Procedures Unique to Car Rental Payments

Examining Procedure	Support Documentation
1. Verify that there is a proper invoice.	Vendor's request for payment and individual invoices
2. Verify that the amount of the payment is accurate.	Vendor's request for payment

Completing a Preaudit of Invoices for Car Rentals

Examining Procedures Unique to Car Rental Payments — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that there is an invoice in support of each item on the vendor's statement. Verify that the invoices belong to your agency.	If invoices are missing, contact the vendor. If not, return them to the vendor.	
2. Verify that the invoice does not include taxes, unless from a state authorized to bill taxes. If an optional insurance charge appears, verify that the traveler requested it.	If taxes are allowed, pay them. If not, deduct them. Do not pay an optional insurance charge unless it was requested by the traveler. If so, pay the charge and then collect it from the traveler.	

Completing a Preaudit of the SF-1145

Introduction

This section of the chapter discusses how to complete a preaudit of payments under a federal tort claim.

Document

The SF-1145, "Voucher for Payment Under the Federal Tort Claims Act," is used to request and certify payment of an award, compromise, or settlement under the Act.

See the following page for a copy of the SF-1145.

What You Need to Know

To preaudit the SF-1145, you need to know about the:

- Federal Tort Claims Act
- Required supporting documents for claims
- Source of payment
- References for additional information.

Each of these items is discussed below.

Federal Tort Claims Act

The Federal Tort Claims Act provides a means whereby damages may be awarded as a result of:

- "Claims against the United States"
- "Of injury, loss of property, personal injury, or death"
- "Caused by the negligent or wrongful act or omission of any employee of the agency"
- "While acting within the scope of one's office or employment"
- "Under circumstances where the United States, if a private person, would be liable in accordance with the law of the place where the act or omission occurred."

Standard Form No. 1145
Form prescribed by
Comptroller General, U. S.
February 12, 1947
General Regulations No. 110

VOUCHER FOR PAYMENT
UNDER FEDERAL TORT CLAIMS ACT

D. O. Vou. No. ....

Bu. Vou. No. ....

Claim No. ....

PAID BY

(For use of Paying Office)

U. S. ....
(Department, bureau, or establishment)

Voucher prepared at ....
(Give place and date)

THE UNITED STATES, Dr.,

To ....
(Payee)

Address ....

Amount claimed, $ .... Date claim accrued ...., 19.....

Amount of award, compromise, or settlement .... $....................

Brief Description of Claim: (See attachments for further explanation in detail.)

ACCEPTANCE BY CLAIMANT

I, the claimant, do hereby accept the within-stated award, compromise, or settlement as final and conclusive on me, and agree that said acceptance constitutes a complete release by me of any claim against the United States and against the employee of the Government whose act or omission gave rise to the claim, by reason of the same subject matter.

Date ...., 19..... SIGN ORIGINAL ONLY ....
(Claimant)

This claim has been fully examined in accordance with the provisions of the Federal Tort Claims Act, approved August 2, 1946, and is approved in the

amount of $....................

....
(Head of Federal agency, or authorized designee)

Date ...., 19.....

SIGN ORIGINAL ONLY

Title ....

Pursuant to the authority vested in me, I certify that this voucher is correct and proper for payment in the

amount of $....................

....
(Authorized certifying officer)

Date ...., 19.....

SIGN ORIGINAL ONLY

Title ....

ACCOUNTING CLASSIFICATION (for completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limitation or project Amount	Appropriation Amount

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT		OBJECTIVE CLASSIFICATION	
			Symbol	Amount	Symbol	Amount

Paid by Check No. .... dated ...., 19...., for $.................... on Treasurer of the United States in favor of payee named above.

U. S. GOVERNMENT PRINTING OFFICE 16—51429-1

Completing a Preaudit of the SF-1145

Required Supporting Documents

Required supporting documents for an award, compromise, or settlement include:

- o Complete statement with amount claimed, circumstances of claim, elements of claim, and amount of award, compromise, or settlement
- o Approval by agency head or designee
- o Certification of the award, compromise, or settlement by an authorized certifying officer
- o Signed acceptance of the award, compromise, or settlement by the claimant
- o Written approval of the Attorney General or designee if the amount exceeds $25,000 or the current limit.

Source of Payment

Tort claims are charged to funds available at the time the government's liability is finally determined.

Note: The signature of the officer empowered to settle such claims is evidence of determination.

- o Any award, compromise, or settlement of $2,500 or less may be paid by the agency from available appropriations.
- o Amounts in excess of $2,500 or settlements made by the Attorney General are paid from special appropriations.

Note: Check with your agency directives to verify the current dollar limit.

References for Additional Information

For additional information on claims against the United States, see:

- o GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7 on tort claims, Title 4 on all claims
- o Comptroller General decisions.

Completing a Preaudit of the SF-1145

Help For help in preauditing the SF-1145, use the following examining procedures unique to the SF-1145.

Examining Procedures Unique to the SF-1145

Examining Procedure	Support Documentation
1. Verify that there is a proper request for payment.	SF-1145
2. Verify that the payment was approved.	Approval of regional solicitor for your agency
3. Verify that the payment is authorized within the scope of the appropriation or fund.	SF-1145

Completing a Preaudit of the SF-1145

Examining Procedures Unique to the SF-1145 — Continued

Preaudit Action	Remedial Action	Manual or by Computer (M/C)
1. Verify that the claim is signed by the claimant. Verify that a claim number has been assigned.	If not, return the claim to the station. If not, return the claim to the station.	
2. Verify that the claim is approved by the agency's regional solicitor.	If not, return the claim to the station.	
3. Verify that the amount of the claim falls within the current limit for payment from an available appropriation.	If not, return the claim to the station.	

Completing a Preaudit of Other Types of Payments

Introduction

This section of the chapter discusses what you need to know when preauditing various types of payments that this desk guide will not discuss in depth.

Contents of This Section

This section discusses the following types of payments:

For Information on...	See Page...
Post Office box rental	3.131
Wearing apparel	3.131
Allowances for uniforms	3.131
Cylinder demurrage	3.132
Immunization and innoculation	3.132
Contract field printing	3.132
Payments in foreign currency	3.133
Repairs to equipment	3.133
Books, periodicals, and other publications.	3.133

Completing a Preaudit of Other Types of Payments

Post Office Box Rental

Payment for Post Office box rental may be made annually in advance by means of an SF-1034 stating the:

- Box number
- Post Office location
- Period covered.

Rates are set by postal regulations.

Wearing Apparel

Purchases of wearing apparel other than usual clothing can be authorized if the apparel is required by the nature of the work to be performed.

- Examples of wearing apparel that can be authorized are:
  - Rubber boots
  - Safety equipment such as goggles and helmets.

Payments for authorized wearing apparel must bear the following statement:

> "The items listed are to remain government property subject to issue to various employees for official use as required."

Allowances for Uniforms

Uniform allowances are authorized under Public Law 763 (68 Stat. 1105) and paid by means of an SF-1166.

An SF-1034 may be used to document:

- The period covered
- A citation of the authorizing public law
- The instruction that established the applicable monetary allowance currently in effect.

Completing a Preaudit of Other Types of Payments

Cylinder Demurrage

Rules on payments for cylinder demurrage include:

- o A voucher or invoice for demurrage on gas and oxygen cylinders shall contain detailed information explaining the method used in calculating the amount due.
- o The voucher or invoice should contain a reference to the number and date of the supply contract.
- o The claimant's demurrage invoice shall be attached to the SF-1034, if it is used, or to the voucher face sheet.
  - Make reference to any previous vouchers covering payment for demurrage under the same contract at the same destination period.
- o Separate and complete records of receipt and return of cylinders shall be maintained for each point at which cylinders are received or returned.

Immunization and Innoculation

Comptroller Decision B-147263, dated December 6, 1961, allows payments for immunizations, innoculations, and similar procedures to prevent occupationally connected diseases and illnesses that would lead to a significant loss of work time.

If there are federal, state, or local public facilities available where such treatment can be obtained without charge to an agency appropriation, such facilities should be used.

Contract Field Printing

The responsible officer under whose authority contract printing was purchased shall certify that the work was procured in accordance with the applicable government printing and binding regulations of the Joint Committee on Printing.

Completing a Preaudit of Other Types of Payments

Payments in Foreign Currency

Rules on payment in foreign currency include:

- One type of foreign currency will be issued per voucher-schedule.
- One additional voucher-schedule will be prepared for foreign currency payments.
- Foreign currency voucher-schedules will be submitted to the same disbursing office that receives all other voucher-schedules from the agency accounting stations.

Repairs to Equipment

Rules on payments for repairs to equipment include:

- An invoice for repairs to equipment shall fully identify the equipment.
- The purchase order issued for the repair shall state that it is for government property.
- The voucher examiner shall check the expiration date of the guarantee covering the equipment.
  - If the date of the guarantee has expired, the examiner shall determine whether the equipment is covered by a repair contract.

Books, Periodicals, and Other Publications

Payments for subscriptions or other charges for newspapers, magazines, periodicals, and other publications required for official use may be made in advance from current funds available for such purposes even though the period covered may exceed one year.

Note: The Comptroller General has ruled that these publications are subject to the foreign purchase restrictions of the Buy American Act.

PART IV. CERTIFYING PAYMENTS

Overview

Contents of Part IV

The following information is presented in part IV:

For Information on...	See
Understanding your role and responsibilities as a certifying officer	Chapter 12
Verifying that staff and automated examinations for payment are appropriate	Chapter 13
Certifying payments	Chapter 14

Chapter 12. Understanding Your Role and Responsibilities as a Certifying Officer

Overview

Contents of Chapter 12

Chapter 12 presents the following information on the role and responsibilities of the certifying officer:

For Information on...	See Page...
The certifying officer's responsibilities	4.3
"Now That You're a Certifying Officer"	4.4
References for additional information	4.5

The Certifying Officer's Responsibilities

Introduction The following table depicts the variation in certifying officer's responsibilities, depending on the agency system involved.

The Certifying Officer's Responsibilities

Responsibilities	Certifying Officers (Manual System)	Certifying Officers (Automated System)	Where to Find Information in This Manual
Verify Support for Payment: Review documents for proper support	Sometimes*	Sometimes*	Parts I, II, III
Verify Proper Payment: Review for approval of payment	Sometimes	Sometimes	Parts I, II, III
Verify Legal Payment: Review for compliance with pertinent laws and regulations	Sometimes	Sometimes	Parts I, II, III
Verify Correct Payment: Review and perform necessary computations	Sometimes	Sometimes	Parts I, II, III
Verify That Appropriate Staff Review Is Occurring	Sometimes	ALWAYS	Part IV
Verify That Appropriate Automated Review Is Occurring	Sometimes	ALWAYS	Part IV
Certify for Payment	ALWAYS	ALWAYS	Part IV

* "Sometimes" means that agency practices determine whether a certifying officer has this particular responsibility.

"Now That You're a Certifying Officer"

Introduction

In appendix 4, you will find a supplement to the Treasury Financial Manual called "Now That You're a Certifying Officer."

Contents of the Booklet

Among other topics, this booklet discusses:

- Your personal accountability as a certifying officer
- Your responsibilities
- What you should do in carrying out your responsibilities to avoid liability
- What can happen to you if you are negligent in performing your job.

References for Additional Information

References for Additional Information

References for additional information on the certifying officer's role and responsibilities include:

- Your agency's policies and procedures on certifying payments
- GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title III on audit

  See chapter 5 on the use of statistical sampling procedures in examining vouchers.

  See chapter 6 on the responsibilities of certifying and disbursing officers.
- Treasury Fiscal Requirements Manual, chapter 2500

  See the sections on certifying vouchers and voucher-schedules.
- U.S. Code of Federal Regulations, Title 31

Chapter 13. Verifying That Staff and Automated Examinations for Payment Are Appropriate

Overview

Contents of Chapter 13

There are two major topics you need to understand to verify that appropriate staff examinations and automated examinations for payment are occurring:

For Information on...	See Page...
How certification relies on the total payment system: What you need to know	4.7
How certification relies on the total payment system: Help in doing it	4.11
The use of statistical sampling in examining vouchers: What you need to know	4.22
The use of statistical sampling in examining vouchers: Help in doing it	4.24

How Certification Relies on the Total Payment System: What You Need to Know

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What You Need to Know

To understand how certification relies on the total payment system, you need to know the:

- Definition of an audit trail
- Definition of a total payment system
- Components of a total payment system
- Extent of a certifying officer's reliance on the total system for certifying payments
- Assurances of proper, legal, correct payment in automated systems
- Assurances of proper, legal, correct payment in manual systems
- System controls and checks that assure proper examinations are occurring.

Each of these items is discussed below.

Definition of an Audit Trail

An audit trail is the path a transaction takes through your agency from the time of its initiation, through processing, to final payment.

Definition of a Total Payment System

A total payment system consists of all the manual and automated actions that are performed to disburse federal funds.

It begins with the reception and review of source documents and ends with the issuance of a check.

How Certification Relies on the Total Payment System: What You Need to Know

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Components of a Total Payment System

The components of a total payment system, whether manual or automated, include:

- At the systems level:
  - System design and testing
  - System implementation
  - System operations
  - System modifications.
- Within a system:
  - Source data preparation
  - Data input operations
  - Data transmission
  - Data processing
  - Output review
  - Certification
  - Disbursement.

Reliance on a Total System to Certify Payments

To the extent that certifying officers can no longer examine and verify each payment, they must rely on the integrity and reliability of payment systems and those operating them.

In order to rely on payment systems and those operating them, certifying officers must be assured that proper examinations for proper, legal, correct payment are occurring.

How Certification Relies on the Total Payment System: What You Need to Know

---

Assurances of Proper, Legal, Correct Payment in Automated Systems

To assure proper, legal, correct payment, an automated system must have procedures that require that:

- Documents are authorized properly, approved, and examined before they are transcribed into machine-readable form.
- Transcriptions are complete and accurate.
- System specifications that identify what the system is required to do:
  - Are consistent with current legal and policy requirements
  - Specify adequate controls over inputs
  - Otherwise provide for processing all aspects of transactions properly.
- Additions, deletions, or changes to data or computer programs are authorized and controlled.
- Equipment functions properly and operates in accordance with required procedures.
- Physical access to documents and equipment is adequately restricted.
- Source data received from outside the processing department and agency or from other computer systems are processed according to the above criteria.

Assurances of Proper, Legal, Correct Payment in Manual Systems

To assure proper, legal, correct payment in a manual system, the system must have procedures comparable to the basic examining procedures elaborated in part II of this desk reference guide.

How Certification Relies on the Total Payment System: What You Need to Know

System Controls and Checks to Assure Proper Examinations

A payment system must have controls and checks to assure that proper examinations for proper, legal, and correct payments are occurring.

These controls and checks can include:

- Adequate documentation of both manual and automated systems designs, procedures, and modifications
- Verification of authorizing signatures on source documents
- Procedures for preventing unauthorized data from being processed
- Procedures for detecting violations of data transmission from one office to another
- Procedures for ensuring accurate processing of data

  Note: Examples in an automated system include batch controls, computer edits, and test decks.
- Procedures for preventing unauthorized tampering with the system
- Use of statistical sampling procedures.

How Certification Relies on the Total Payment System: Help in Doing It

Help

For help in verifying that appropriate staff examinations and automated examinations for payment are occurring, use the:

- Procedures for verifying that staff examinations and automated examinations are appropriate found on page 4.12.
- Job aid for verifying a certifying officer's audit trail and total payment system found on pages 4.13-4.16 to identify where the actual examinations for proper, legal, correct payment occur in your agency.

  This job aid is designed for certifying officers in payment systems large enough for preaudit steps to be conducted at various locations in the agency.
- Job aid for tracking staff examinations and automated examinations for payment found on page 4.17 to document preaudit steps that occur in your office.

  If you are a certifying officer in a very large system, it is possible that all of the preaudit steps conducted in your office are automated.

  If your system is very large, it also is possible that all of the preaudit steps are conducted elsewhere before your office prepares the voucher-schedule. In that case, this job aid will not apply to your situation.
- Job aid for identifying agency controls and checks on the total payment system found on page 4.20 to identify and document the controls and checks on the total payment system in your agency that assure that proper examinations for proper, legal, correct payment are occurring.

  This job aid can help you meet your responsibilities as a certifying officer regardless of the size of your payment system or its degree of automation.

How Certification Relies on the Total Payment System: Help in Doing It

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Procedures for Verifying That Staff Examinations and Automated Examinations Are Appropriate

Use the following procedures to verify that appropriate staff examinations and automated examinations for payment are occurring:

Step	Procedure
1	Identify the audit trail through your agency's total payment system for each type of payment that you certify.
2	Identify the preaudit steps that are performed by employees in your office for each type of payment.
3	Identify the preaudit steps that are performed by the automated system in your office for each type of payment.
4	Identify the controls and checks on the total payment system in your agency that are used to assure that the system is operating properly.

How Certification Relies on the Total Payment System: Help in Doing It

Job Aid: Verifying a certifying officer's audit trail and total payment system

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Introduction

This job aid should be used by certifying officers who rely on a payment system large enough for preaudit steps to be conducted at various locations in the agency.

Purpose

Use this job aid to document where the actual examination for proper, legal, correct payment occurs in your agency.

Instructions

1. List the **document(s) involved** in each examination issue for your agency.
2. Consult part II of this desk reference, if you need help with step 1.
3. List the **office** in your agency **where the review occurs.**
4. Indicate whether the examination is a **manual or computer review.**

How Certification Relies on the Total Payment System: Help in Doing It

Job Aid: Verifying a certifying officer's audit trail and total payment system

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Job Aid: Verifying a Certifying Officer's Audit Trail and Total Payment System

Examination Issue	Document(s) Involved	Office Where Review Occurs	Manual or Computer Review (M/C)
Example: Proper Invoice	invoice	accounts payable	M
Proper Obligating Document			
Proper Receiving Document			
Necessary Special Certificates			
Expenditure Authorized			
Goods or Services Received			
Delivery in Accordance with Agreement			
Payment Approved			

Job Aid: Verifying a Certifying Officer's Audit Trail and Total Payment System — Continued

Examination Issue	Document(s) Involved	Office Where Review Occurs	Manual or Computer Review (M/C)
Payment in Accordance with Agreement			
Payment Not Duplicated			
Name and Address of Payee Correct			
Payment Authorized by Law			
Payment Not Prohibited			
Payment Within Legal Limits			
Payment Meets Any Specifications			
Appropriation Available at This Time			

Job Aid: Verifying a Certifying Officer's Audit Trail and Total Payment System — Continued

Examination Issue	Document(s) Involved	Office Where Review Occurs	Manual or Computer Review (M/C)
Adequate Funds Available			
Quantities, Unit Prices, and Amounts Correct			
Amount of Payment Correct			
Deductions			
Time Discounts			
Prompt Payments			
Interest Penalties			

How Certification Relies on the Total Payment System: Help in Doing It

Job Aid: Tracking staff examinations and automated examinations for payment

---

Introduction

Use this job aid to document examinations for proper, legal, correct payment that occur in your office.

Instructions

1. Consult the list of **examination issues** in the preceding job aid in order to identify those that are handled in your office.
2. List the relevant **examination issues** in the first column of this job aid.
3. Then go to parts II and III in this desk reference if you need help in identifying the **document(s)** used in the examination or the **preaudit action taken.**
4. Record the preaudit actions performed by employees in your office, such as voucher examiners.
5. Record preaudit actions performed by the automated system in your office.
6. Check to confirm that you have recorded all **manual and computer reviews.**

How Certification Relies on the Total Payment System: Help in Doing It

Job Aid: Tracking staff examinations and automated examinations for payment

---

Job Aid: Tracking Staff Examinations and Automated Examinations for Payment

Examination Issue	Document(s) Involved	Preaudit Action Taken	Manual or Computer Review (M/C)
Example: Verify that the amount of payment is arithmetically correct.	Invoice	Arithmetic calculations	C

How Certification Relies on the Total Payment System: Help in Doing It

Job Aid: Tracking staff examinations and automated examinations for payment

Job Aid: Tracking Staff Examinations and Automated Examinations for Payment — Continued

Examination Issue	Document(s) Involved	Preaudit Action Taken	Manual or Computer Review (M/C)

How Certification Relies on the Total Payment System: Help in Doing It

Job Aid: Identifying agency controls and checks on the total payment system

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Introduction

Use this job aid to identify and document the controls and checks on the total payment system in your agency that assure that proper examinations for proper, legal, correct payments are occurring.

Instructions

1. Review the list of possible system controls and checks on page 4.10.
2. List your agency controls and checks for each stage in the payment process cycle.
3. Remember that a control or check may be manual or automated.
4. List where each control or check occurs.

Job Aid: Identifying Agency Controls and Checks on the Total Payment System

Payment Process Cycle for the Certifying Officer	Agency Controls and Checks	Where the Check Occurs
Source Data Preparation	Example: Verification of authorizing signatures	Accounts payable
Data Input Operations		

How Certification Relies on the Total Payment System: Help in Doing It

Job Aid: Identifying agency controls and checks on the total payment system

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Job Aid: Identifying Agency Controls and Checks on the Total Payment System — Continued

Payment Process Cycle for the Certifying Officer	Agency Controls and Checks	Where the Check Occurs
Data Transmission		
Data Processing		
Output Review		
Certification		

Use of Statistical Sampling in Examining Vouchers: What You Need to Know

Introduction

This section of the chapter discusses the use of statistical sampling for examining vouchers. It will help you verify that appropriate statistical sampling is occurring for payments that you certify.

What You Need to Know

To understand the use of statistical sampling in examining vouchers, you need to know the:

- Definition of statistical sampling
- Concept of probability
- Purpose of statistical sampling in examining vouchers
- Relation of statistical sampling to the certifying officer's responsibility
- Limits to the dollar amount of vouchers sampled for preauditing
- Examination procedures not subject to sampling.

Each of these items is discussed below.

Definition of Statistical Sampling

Statistical sampling is a procedure that relies on probability to draw conclusions about a total set of vouchers by preauditing only a sample, or randomly selected subset, of those vouchers.

Example: Rather than analyzing a total set of vouchers, let's say 100, we can select every 10th one, analyze the 10, and make assumptions about the total set based on what we learned about the sample of 10.

Concept of Probability

The theory of probability assumes that a randomly selected subset of cases or vouchers will have characteristics representative of the total population or set of vouchers.

Therefore, when an agency preaudits a sample of vouchers, it assumes that the amount of error found in the sample is about the same amount of error found in the entire set of vouchers.

Use of Statistical Sampling in Examining Vouchers: What You Need to Know

Purpose of Statistical Sampling in Examining Vouchers

When an agency institutes statistical sampling in the examination of vouchers, it is assuming that the reduction in preauditing costs will notably exceed the financial cost of undetected errors in the vouchers not examined.

Relation of Statistical Sampling to the Certifying Officer's Responsibility

The Comptroller General will relieve accountable officers of personal liability for improper, illegal, or incorrect payments that were not examined because of a sampling plan that meets the requirements stated in Title III, chapter 5, of the GAO Policy and Procedures Manual for Guidance of Federal Agencies.

This relief will be extended, provided that:

- The officer acted in good faith.
- The officer, department, or agency has diligently pursued a collection action to recover the payment.

Limits to Dollar Amount of Vouchers Sampled

The Comptroller General sets a maximum limit to the dollar amount of vouchers that can be sampled for preauditing.

Then the head of a department and agency sets his or her own limit within that maximum limit. This internal limit must be based on demonstrated economies that will result from its use.

Examination Procedures Not Subject to Sampling

When a sampling plan is in effect, each payment still requires:

- Evidence that goods or services were ordered by an authorizing official
- Evidence that goods or services ordered have been delivered and accepted
- Receipt of an invoice or other request for payment
- Consistency among all supporting documents.

Use of Statistical Sampling in Examining Vouchers: Help in Doing It

Help

To verify that appropriate statistical sampling is occurring for payments that you certify, use the following procedures:

Step	Procedure
1	Find out who in your office or agency is responsible for the sampling plan that applies to the payments you certify.
2	Verify that the plan conforms to the requirements stated in Title III, chapter 5, of the GAO Policy and Procedures Manual for Guidance of Federal Agencies.
3	Verify the dollar limit on vouchers that are sampled.
4	Verify that each payment undergoes the examination procedures that are not subject to sampling.
5	Alert your supervisor if something does not check out.
6	Refuse to certify if corrective action is not taken.

Overview

Contents of Chapter 14

Chapter 14 presents the following information on certifying payments:

For Information on...	See Page...
Your responsibilities as a certifying officer	4.26
Your authorization and identification as a certifying officer	4.27
Your liability as a certifying officer	4.30
Your attributes as an effective certifying officer	4.36
Basic certifying rules	4.37
Help in certifying payments	4.38

What You Need to Know

Your responsibilities as a certifying officer

What You Need to Know

You need to know your:

- Accountability for public funds
- Basic responsibility under the law.

Your Accountability for Public Funds

According to Chapter 6 in Title 3 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies, your accountability as a certifying officer is found in Title 31 of the U.S. Code of Federal Regulations:

"The officer or employee certifying a voucher for payment shall...be held accountable for and required to make good to the United States the amount of any illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certificate made by him, as well as for any payment prohibited by law or which did not represent a legal obligation under the appropriation or fund involved."

Note: This accountability is modified if statistical sampling is involved. See page 4.23.

Your Basic Responsibility Under the Law

Title 3, Chapter 6 also states your basic responsibility as a certifying officer under the law:

"The officer or employee certifying a voucher for payment shall...be held responsible for the existence and correctness of the facts recited in the certificate or otherwise stated on the voucher or its supporting papers; for the legality of the proposed payment under the appropriation or fund involved; and for the correctness of the computations therein."

Note: This responsibility is modified if statistical sampling is involved. See page 4.23.

What You Need to Know

Your authorization and identification as a certifying officer

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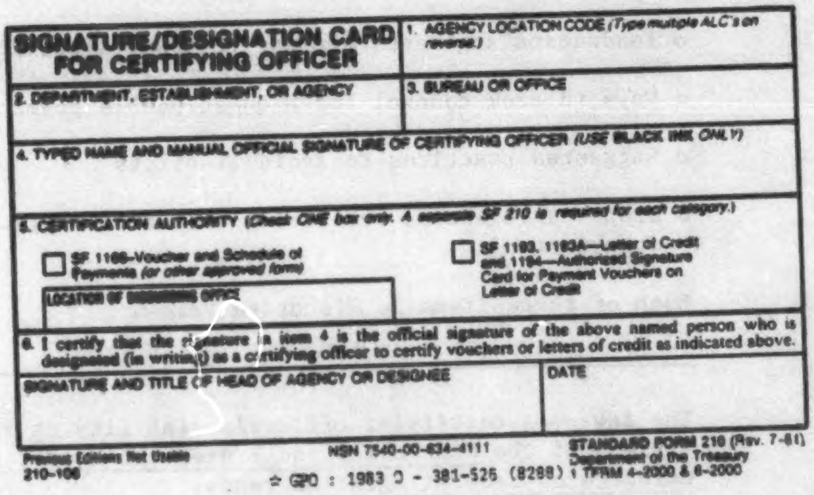
What You Need to Know	You need to know about the: o Required items for official authorization o SF-210, "Signature Card for Certifying Officer" o Transmittal of the SF-210 o Termination or amendment of authority o Need to identify yourself by title and name.
Required Items for Official Authorization	The official authorization for a certifying officer should include the: o Department, establishment, or agency o Bureau or office o Official signature of the certifying officer o Class of voucher or other approved form authorized to be certified o Signature and title of the agency head or designee certifying the official signature of the certifying officer. Note: "Treasury Department Circular 680" is an approved format for the official authorization of a certifying officer.

What You Need to Know

Your authorization and identification as a certifying officer

SF-210	A copy of the SF-210, "Signature Card for Certifying Officer," appears on the next page.
Transmittal of the SF-210	The original SF-210 for each authorized certifying officer (or an authenticated copy) will be sent to the appropriate disbursement officer by administrative officers.
Termination or Amendment of Authority	The rules on termination or amendment of a certifying officer's authority include: o A certifying officer's authority is in effect until it is terminated, revoked, or amended. o When a certifying officer's authority is terminated, revoked, or amended for any reason, the appropriate disbursing officer must be notified in an official manner.
Need to Identify Yourself by Title and Name	The rules on identifying yourself as a certifying officer by title and name include: o Use the title "Authorized Certifying Officer" in certifying payment vouchers and voucher-schedules and in all related official matters. o Your name should be typed or printed below your signature on payment vouchers and voucher-schedules, and on all official correspondence relating to your duties as a certifying officer. o The date of your certification must be shown on the certificate.



SIGNATURE/DESIGNATION CARD FOR CERTIFYING OFFICER

1. AGENCY LOCATION CODE *(Type multiple ALC's on reverse.)*

2. DEPARTMENT, ESTABLISHMENT, OR AGENCY

3. BUREAU OR OFFICE

4. TYPED NAME AND MANUAL OFFICIAL SIGNATURE OF CERTIFYING OFFICER *(USE BLACK INK ONLY)*

5. CERTIFICATION AUTHORITY *(Check ONE box only. A separate SF 210 is required for each category.)*

☐ SF 1166–Voucher and Schedule of Payments *(or other approved form)*

LOCATION OF DISBURSING OFFICE

☐ SF 1193, 1193A—Letter of Credit and 1194—Authorized Signature Card for Payment Vouchers on Letter of Credit

6. I certify that the signature in item 4 is the official signature of the above named person who is designated (in writing) as a certifying officer to certify vouchers or letters of credit as indicated above.

SIGNATURE AND TITLE OF HEAD OF AGENCY OR DESIGNEE

DATE

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STANDARD FORM 210 (Rev. 7-81)
Department of the Treasury
1 TFRM 4-2000 & 6-2000

☆ GPO : 1983 O - 381-526 (8288)

What You Need to Know

Your liability as a certifying officer

What You Need to Know

You need to know the:

- Law on a certifying officer's liability
- Pecuniary nature of the liability
- Bases for the liability
- GAO's right to question a payment
- Inadequate arguments against personal liability
- Ways to seek counsel for a questionable payment
- Suggested practices to avoid liability
- Steps taken when a certifying officer is held liable for a payment.

Each of these items is discussed below.

Law on a Certifying Officer's Liability

The law on a certifying officer's liability as restated in Title 3 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies reads:

"...the liability of the certifying officer or employee shall be enforced in the same manner and to the same extent as provided by law with respect to enforcement of the liability of disbursing and other accountable officers."

Pecuniary Nature of the Liability

According to Title 3, a certifying officer is accountable for and required to make good any improper payment based on an inaccurate certification.

What You Need to Know

Your liability as a certifying officer

Bases for Liability

Under the law, a certifying officer is liable for:

- The existence and correctness of facts recited in the certification
- The legality of the payment under the appropriation or fund involved
- Any payment prohibited by law
- Any illegal, improper, or incorrect payments resulting from any false, inaccurate, or misleading certifications.

GAO's Right to Question a Payment

Representatives of the General Accounting Office may make informal inquiries during an audit, either orally or in writing.

When the GAO takes formal exception to a payment, a notice of exception is issued.

Inadequate Arguments Against Personal Liability

Inadequate arguments against personal liability for a certifying officer include:

- Inability to personally ascertain the correctness of each item on a voucher
- Dependence on subordinates for correct computations.

Ways to Seek Counsel for a Questionable Payment

Appropriate ways to seek counsel for a questionable payment include:

- Approach your supervisor first.
- If your supervisor cannot resolve the question, approach your agency's legal counsel.
- If neither your supervisor nor your agency's counsel can resolve the question satisfactorily, you have the right to seek an advance decision from the Comptroller General.

What You Need to Know

Your liability as a certifying officer

Suggested Practices to Avoid Liability

Suggested practices to avoid liability include:

- Properly supervise subordinates by establishing a system of procedures and controls that minimize opportunities for incorrect or improper payments and by ensuring that the system is being followed.
- Know that you have a right to request an advance decision from the Comptroller General when you have doubts about the legality of payments.
- Be alert to the possibility of vouchers or voucher-schedules and supporting documents being processed a second time.
- Make use of the evidence that is available, such as fund availability certifications and other documentation that would indicate that procedural safeguards regarding payment have been observed.
- Return inadequately documented payment vouchers to the appropriate administrative officials for the proper approvals and supporting documents.
- Do not authorize payments unless funds are available to cover the payments.
- Do not sign blank voucher forms.

What You Need to Know

Your liability as a certifying officer

Steps to Take When a Certifying Officer Is Held Liable for a Payment

When a certifying officer is held liable for a payment, he or she should know about:

- The conditions under which the Comptroller General may grant discretionary relief
- A request for reconsideration of a denial or relief
- Collection actions
- Limited liability for overpayment of transportation bills.

Each of these items is discussed below.

Conditions Under Which the Comptroller General May Grant Discretionary Relief

The Comptroller General may grant discretionary relief from pecuniary liability for an improper payment if:

- Certification was based on official records and the certifying officer did not know and, by reasonable diligence and inquiry, could not know the actual facts,
- The obligation was incurred in good faith,
- Payment was not contrary to any statutory provision specifically prohibiting payments of the type involved, and
- The United States received value for the payment.

The Comptroller General is authorized to relieve accountable certifying officers from liability when losses are caused by subordinates and do not result from the accountable officer's negligence in discharging duties.

Note: Agencies are authorized to compromise claims up to $20,000 and to relieve accountable officers from liability for these claims.

What You Need to Know

Your liability as a certifying officer

Request for Reconsideration of Denial of Relief

A request for reconsideration of a denial of relief from personal liability is made through administrative channels.

The certifying officer must:

- State the errors he or she believes were made in the denial determination.
- Submit creditable evidence that GAO's original determination to deny relief either
  - Failed to consider certain evidence
  - Failed to give evidence appropriate weight or
  - Relied too heavily on other evidence in the record.

If the certifying officer succeeds in showing that an earlier denial determination was in error, GAO will reverse its earlier determination and grant relief upon reconsideration.

If the certifying officer fails to establish that the earlier denial was in error, GAO will affirm its earlier determination.

Collection Action

Whenever GAO denies the request of an accountable officer for relief of liability for lost or improperly disbursed funds, that officer becomes indebted to the United States for the amount involved.

The pay of an individual indebted to the United States shall be withheld until he or she has accounted for and paid into the Treasury all sums for which he or she is liable.

When pay is withheld, at the request of the individual, his or her agent, or attorney, the GAO shall immediately report the balance due to the Attorney General. Within 60 days, the Attorney General shall bring suit against the individual.

This provision affords the debtor the opportunity of judicial review of the collection action.

If no request is made to the GAO, the collection action will proceed on an administrative basis and salary will continue to be withheld.

Limited Liability for Overpayment of Transportation Bills

A certifying officer's liability for the overpayment of transportation bills is limited.

For further information, consult chapter 6 of Title 3 in the GAO Policy and Procedures Manual for Guidance of Federal Agencies.

What You Need to Know

Your attributes as an effective certifying officer

Attributes of an Effective Certifying Officer

An effective certifying officer:

- Is conscientious
- Is not capricious
- Is not obstinate
- Does not yield to pressure
- Seeks an advance decision from the Comptroller General when he or she is not satisfied with previous counsel.

What You Need to Know

Basic certifying rules

Introduction

This subsection of the chapter presents basic certifying rules that a certifying officer should know.

Basic Certifying Rules

Basic certifying rules include:

- A certifying officer should write his or her telephone number next to his or her printed name in the event a voucher-schedule is rejected.
- A disbursing center cannot backdate a voucher-schedule.
- A voucher-schedule will be rejected if any of the following occur:
  - Missing ALC
  - Missing schedule number
  - Unsigned or incomplete schedule
  - Altered authorized signature
  - Corrections in payee name and amount fields
  - Missing grand total or net amount
  - Out-of-balance schedule.
- Vouchers or voucher-schedules and supporting documents must be so marked as to prevent their processing for payment a second time.

Help in Certifying Payments

Introduction

This section of the chapter offers help in certifying payments.

Contents of This Section

This section of the chapter presents the following information:

For Information on...	See Page...
Procedures to follow when an individual payment is certified	4.39
Procedures to follow when a payment schedule or tape is certified in a partially automated system	4.40
Procedures to follow when a payment schedule or tape is certified in a centralized automated system	4.41

Procedures to Follow When an Individual Payment Is Certified

1. Verify that this is a proper, legal, correct payment with proper supporting documentation.
2. Arrange for necessary corrections to be made.
3. Review the corrections.
4. Seek appropriate counsel if you have any unresolved questions about the propriety, legality, or correctness of a payment.
5. Sign the voucher when you are assured of the propriety, legality, and correctness of the payment.
6. Send the voucher to the appropriate disbursement center.

Procedures to Follow When a Payment Schedule or Tape Is Certified in a Partially Automated System

1. Compare the payment schedule to the original documents.
2. Verify that the payees are proper.
3. Verify that amounts of payment are correct.
4. Verify that the control numbers on the original documents and payment schedule match.
5. Examine the payment schedule itself.
6. Verify that the total amount of money to be certified is correct.
7. Verify that the following have been entered correctly, as necessary:
   - The payee's name and address
   - The amount of the individual payment
   - The vendor invoice number
   - The schedule number.
8. Arrange for necessary corrections to be made.
9. Review the corrections.
10. Seek appropriate counsel if you have any unresolved question about the propriety, legality, or correctness of a payment.
11. Sign the payment schedule when you are assured of the propriety, legality, and correctness of the payments.
12. Send the payment schedule to the appropriate disbursement center.

Help in Certifying Payments

Procedures to follow when a payment schedule or tape is certified in a centralized automated system

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Procedures to Follow When a Payment Schedule or Tape Is Certified in a Centralized Automated System

1. Verify that the staff and automated preaudits of documents have occurred.
2. Examine the payment schedule for:
   - Control totals
   - Anything that looks out of line, such as a payment amount.
3. Verify that all computer error messages have been resolved.
4. Seek appropriate counsel if you have any unresolved questions about the propriety, legality, or correctness of a payment.
5. Sign the payment schedule when you are assured of the propriety, legality, and correctness of the payments.
6. Send the schedule to the appropriate disbursement center.

Appendix 1. Additional Delivery Terms

Overview

Introduction

This appendix defines delivery terms in addition to those that appear on page 2.33 under examining procedure 7 in part II of this desk reference guide.

Contents of Appendix 1

For Information on...	See Page...
FOB origin, contractor's facility	A.2
FOB origin, freight allowed	A.2
FOB destination, within consignee's premises	A.2
FOB vessel, port of shipment	A.2
FAS vessel, port of shipment	A.2
FOB inland carrier, point of exportation	A.2
FOB inland point, country of importation	A.3
Ex-dock, pier, or warehouse, port of importation	A.3
C&F destination	A.3
CIF destination	A.3
FOB designated air carrier's terminal point of exportation	A.3
FOB designated air carrier's terminal point of importation	A.3

FOB Origin Contractor's Facility	Under FOB origin, contractor's facility, the goods are placed on board the indicated type of conveyance at the designated facility from which the shipment will be made, free of expense to the government.
FOB Origin Freight Allowed	Under FOB origin, freight allowed, the goods are placed on board the indicated type of conveyance, free of expense to the government, at a specified point from which line-haul transportation service begins. All transportation charges incurred in delivering the goods to the specified point will be deducted from the contract price.
FOB Destination, Within Consignee's Premises	Under FOB destination, within consignee's premises, the goods are placed at a specified delivery point where the consignee's facility is located, free of expense to the government.
FOB Vessel, Port of Shipment	Under FOB vessel, port of shipment, goods are loaded, stowed, and trimmed on board the ocean vessel at the named port of shipment, free of expense to the government.
FAS Vessel, Port of Shipment	Under FAS vessel, port of shipment, goods are delivered alongside the ocean vessel and within reach of its loading tackle at the named port of shipment, free of expense to the government.
FOB Inland Carrier, Point of Exportation	Under FOB inland carrier, point of exportation, the goods are placed on board the conveyance at the named point of exportation, free of expense to the government.

FOB Inland Point, Country of Importation	Under FOB inland point, country of importation, the goods are placed on board the conveyance at the specified inland point where the consignee's facility is located, free of expense to the government.
Ex-Dock, Pier, or Warehouse, Port of Importation	Under ex-dock, pier, or warehouse, port of importation, the goods are delivered to the designated dock or pier, or to the warehouse at the named port of importation, free of expense to the government.
C&F Destination	Under C&F destination, the goods are delivered on board the ocean vessel, free of expense to the government. The cost of any additional transportation to the named point of destination will be paid by the contractor.
CIF Destination	Under CIF destination, the goods are delivered on board the ocean vessel, free of expense to the government. The cost of any additional transportation and insurance to the named point of destination will be paid by the contractor.
FOB Designated Air Carrier's Terminal, Point of Exportation	Under FOB designated air carrier's terminal, point of exportation, the goods are delivered to the custody of the air carrier or loaded aboard the aircraft at the air carrier's terminal named in the contract, free of expense to the government.
FOB Designated Air Carrier's Terminal, Point of Importation	Under FOB designated air carrier's terminal, point of importation, the goods are delivered to the air carrier's terminal named in the contract, free of expense to the government.

Appendix 2. Listing of Authorized SIBAC Billing Agencies and Their Respective Billing Locations and and Disbursing Office Symbols

INFORMATION ON INQUIRIES FOR SIBAC BILLING AGENCIES

Monthly Register of Transactions D.O. Symbols	Location of Billing Office	SIBAC Charges for	Area Code	Telephone Number
OPM 1	Washington, DC (24-00-0001)	Training and Investigative Services	202	254-3178
OPM 2	Atlanta, GA (24-00-0601)	" " "	404	257-4069
OPM 3	Boston, MA (24-00-0101)	" " "	617	223-5681
OPM 4	Chicago, IL (24-00-0701)	" " "	312	353-5690
OPM 5	Dallas, TX (24-00-1101)	" " "	214	729-8216
OPM 6	Denver, CO (24-00-1301)	" " "	303	234-2129 or 2130
OPM 7	New York, NY (24-00-0201)	" " "	212	264-0450
OPM 8	Philadelphia, PA (24-00-0301)	" " "	215	597-2286
OPM 9	Seattle, WA (24-00-2001)	" " "	206	399-5599
OPM 10	San Francisco, CA (24-00-1201)	" " "	415	566-0583
OPM 11	St. Louis, MO (24-00-1001)	" " "	314	279-4260
USPS	Washington, DC	Penalty Mail Usage	202	245-5001
GS 112	New York, NY (47-00-0201)	Federal Supply Service	212	264-82
GS 122	New York, NY (47-00-0201)	Motor Pool Services	212	264-1183
GS 162	New York, NY (47-00-0201)	MIS	212	264-8244
GS 212	New York, NY (47-00-0201)	Working Capital Fund	212	264-0451
GS 242	New York, NY (47-00-0012)	ADP	212	264-8244
GS 312	New York, NY (47-00-0012)	Office of Information Resources	212	264-8244
GS 113	Washington, DC (47-00-0002)	Federal Supply Services	202	472-1782
GS 123	Washington, DC (47-00-0002)	Motor Pool Services	202	472-1766
GS 133	Washington, DC (47-00-0013)	Consumer Information Center	202	426-9644
GS 143	Washington, DC (47-00-0002)	Telecommunication Services (Advanced Record System)	202	566-0620
GS 163	Washington, DC (47-00-0013)	MIS	202	472-1698
GS 193	Washington, DC (47-00-0004)	Rental of Building Space	202	566-1858
GS 213	Washington, DC (47-00-0002)	Working Capital Fund	202	472-1686
GS 243	Washington, DC (47-00-0013)	ADP	202	472-1251
GS 313	Washington, DC (47-00-0013)	Office of Information Services	202	426-9644
GS 116	Kansas City, MO (47-00-1002)	Federal Supply Services	816	926-7351
GS 126	Kansas City, MO (47-00-1002)	Motor Pool Services	816	926-7351
GS 166	Kansas City, MO (47-00-0016)	MIS	816	926-7352

Note: This information is current as of August, 1985. Contact the Treasury Department for periodic updates or for a 142-page listing of authorized SIBAC billing agencies.

INFORMATION ON INQUIRIES FOR SIBAC BILLING AGENCIES - Continued

Monthly Register of Transactions D.O. Symbols	Location of Billing Office	SIBAC Charges for	Area Code	Telephone Number
S 216	Kansas City, MO (47-00-1002)	Working Capital Fund	816	926-7037
GS 246	Kansas City, MO (47-00-0016)	ADP	816	926-7352
GS 316	Kansas City, MO (47-00-0016)	Office of Information Services	816	926-7351
GS 117	Fort Worth, TX (47-00-1101)	Federal Supply Services	817	334-2421
GS 127	Fort Worth, TX (47-00-1101)	Motor Pool Services	817	334-2428
GS 167	Fort Worth, TX (47-00-0017)	MIS	817	334-2380
GS 187	Fort Worth, TX (47-00-0004)	FBF Reimbursable	817	334-2745
GS 217	Fort Worth, TX (47-00-1101)	Working Capital Fund	817	334-2422
GS 247	Fort Worth, TX (47-00-0017)	ADP	817	334-2380
GS 317	Fort Worth, TX (47-00-0017)	Office of Information Resources	817	334-2670
GS 119	San Francisco, CA (47-00-1201)	Federal Supply Services	415	454-2364
GS 129	San Francisco, CA (47-00-1201)	Motor Pool Services	415	974-9356
GS 159	San Francisco, CA (47-00-1201)	TIAS-Telecommunications	415	454-4257
GS 169	San Francisco, CA (47-00-0019)	MIS	415	454-9365
GS 219	San Francisco, CA (47-00-1201)	Working Capital Fund	415	454-4257
GS 249	San Francisco, CA (47-00-0019)	ADP	415	454-9337
GS 319	San Francisco, CA (47-00-0019)	Office of Information Services	415	454-9337
GS 161*	Boston, MA (47-00-0011)	MIS	FTS	223-5547
GS 211	Boston, MA (47-00-0011)	Working Capital Fund	FTS	223-4615
GS 241*	Boston, MA (47-00-0011)	ADP	FTS	223-5547
GS 311	Boston, MA (47-00-0011)	Office of Information Services	FTS	223-4615
S 164	Atlanta, GA (47-00-0014)	MIS	FTS	242-3172
S 214	Atlanta, GA (47-00-0014)	Working Captial Fund	FTS	242-3165
GS 244	Atlanta, GA (47-00-0014)	ADP	FTS	242-3172
GS 314	Atlanta, GA (47-00-0014)	Office of Information Services	FTS	242-3165
GS 168	Denver, CO (47-00-0018)	MIS	FTS	234-3860
GS 218	Denver, CO (47-00-0018)	Working Capital Fund	FTS	234-4911
GS 248	Denver, CO (47-00-0018)	ADP	FTS	234-3860
GS 318	Denver, CO (47-00-0018)	Office of Information Resources	FTS	234-3860
GPO	Washington, DC (04-00-0001)	Printing and Binding Services	202	275-2945
GPO 1	Washington, DC (04-00-0002)	Publications, Subscriptions and Reimbursable Services	202	275-2630
NIHIS	Bethesda, MD (75-08-0031)	Data Processing Services	301	496-9408
HRSA	Rockville, MD (75-03-0030)	Federal Employees Occupational Health Units	301	443-3050
DOIAS	Boise, ID (14-01-0002)	Contract and Rental Aircraft	208 FTS	334-9483 554-9483
USGS	Reston, VA (14-08-0001)	Mapping Services	703 FTS	860-6121 928-6121

INFORMATION ON INQUIRIES FOR SIBAC BILLING AGENCIES - Continued

Monthly Register of Transactions D.O. Symbols	Location of Billing Office	SIBAC Charges for	Area Code	Telephone Number
FECA	Washington, DC (16-01-0004)	FECA	202	523-9307
BPA	Portland, OR (89-00-1401)	Power Services	FTS	429-3573
CENSU	Washington, DC (13-04-0001)	Reimbursable Services	202	763-3924
OR 300	Oak Ridge, TN (89-18-5369)	Goods and Services	615	576-0910
BLM 1	Denver, CO (14-11-0008)	Reimbursable Services	FTS	776-6331
PMOF 1	Washington, DC (14-01-0001)	Contract and Rental Services	202	343-5386
FPI 01	Washington, DC (15-08-0001)	Goods and Services	202	724-3140
			FTS	724-3140
FPI 02	Morgantown, WV (15-08-0002)	" "	304	296-4416
			FTS	923-4556
FPI 03	Oxford, WI (15-08-0003)	" "	608	584-5511
			FTS	364-2611
FPI 04	Ashland, KY (15-08-0004)	" "	606	928-6414
			FTS	924-5614
FPI 05	Petersburg, VA (15-08-0005)	" "	804	733-7881
			FTS	920-3230
FPI 06	Alderson, WV (15-08-0006)	" "	304	445-2901
			FTS	924-1800
FPI 07	Lexington, KY (15-08-0007)	" "	606	255-681
			FTS	355-258
FPI 08	Pleasanton, CA (15-08-0008)	" "	415	829-3522
			FTS	461-9255
FPI 09	Memphis, TN (15-08-0009)	" "	901	372-2269
			FTS	222-4172
FPI 10	Butner, NC (15-08-0010)	" "	919	575-4541
			FTS	629-5403
FPI 11	Chicago, IL (15-08-0011)	" "	312	353-6819
			FTS	353-6819
FPI 19	Danbury, CT (15-08-0101)	" "	203	743-6417
			FTS	642-9017
FPI 20	Englewood, CO (15-08-0110)	" "	303	985-1566
			FTS	327-7381
FPI 21	Bastrop, TX (15-08-0126)	" "	512	321-3903
			FTS	521-3050
FPI 22	Duluth, MN (15-08-0130)	" "	218	722-2232
FPI 23	Ray Brook, NY (15-08-0143)	" "	518	891-5400
			FTS	832-6717
FPI 24	Otisville, NY (15-08-0144)	" "	914	386-5855
			FTS	887-1055
FPI 25	Boron, CA (15-08-0150)	" "	714	762-5161
			FTS	791-1164
FPI 26	Big Spring, TX (15-08-0151	" "	915	886-3422
			FTS	738-9000

INFORMATION ON INQUIRIES FOR SIBAC BILLING AGENCIES - Continued

Monthly Register of Transactions O. Symbols	Location of Billing Office	SIBAC Charges for	Area Code	Telephone Number
FPI 28	Tucson, AZ (15-08-0196)	Goods and Services	602 FTS	792-6102 762-6102
FPI 31	Lewisburg, PA (15-08-0301)	" "	717 FTS	523-1251 591-3800
FPI 32	Allenwood, PA (15-08-0302)	" "	717	597-1691
FPI 41	Tallahassee, FL (15-08-0601)	" "	904 FTS	878-2173 965-7543
FPI 42	Atlanta, GA (15-08-0602)	" "	404 FTS	622-6241 242-3803
FPI 45	Miami, FL (15-08-0605)	" "	305 FTS	253-4400 350-6100
FPI 51	Terre Haute, IN (15-08-0701)	" "	812 FTS	238-1531 333-8120
FPI 52	Milan, MI (15-08-0702)	" "	313 FTS	439-1571 378-2353
FPI 54	Sandstone, MN (15-08-0724)	" "	612 FTS	245-2262 781-7400
FPI 55	Marion, IL (15-08-0745)	" "	618 FTS	964-1441 277-5400
FPI 61	Leavenworth, KS (15-08-1001)	" "	913 FTS	682-8700 758-5901
FPI 62	El Reno, OK (15-08-1002)	" "	405 FTS	262-4875 743-1501
FPI 71	Seagoville, TX (15-08-1101)	" "	214 FTS	767-8471 729-8471
I 72	Texarkana, TX (15-08-1102)	" "	214 FTS	838-4587 731-3190
FPI 73	La Tuna, TX (15-08-1103)	" "	915 FTS	263-8304 572-7682
FPI 74	Fort Worth, TX (15-08-1104)	" "	817 FTS	535-2111 738-4011
FPI 81	Safford, AZ (15-08-1301)	" "	602 FTS	428-6600 762-6336
FPI 82	LOMPOC (15-08-1202)	" "	805 FTS	735-2771 960-6261
FPI 83	Terminal Island, CA (15-08-1203)	" "	213 FTS	831-8961 791-1261
FPI 91	Talladega, AL (15-08-2002)	" "	205 FTS	362-0410 222-1101
AL 302	Albuquerque, MN (89-00-1302)		FTS	844-8058

Appendix 3. SF-1094, "U.S. Tax Exemption Certificate"

Introduction

This appendix discusses the SF-1094, "U.S. Tax Exemption Certificate," a special certificate used with vouchers for payment of motor fuel goods and services.

For more information on special certificates in general, see examining procedure 4 in chapter 1.

For more information on the use of the SF-1094 in preauditing gasoline credit card purchases, see chapter 11.

Document

The SF-1094 is a U.S. tax exemption certificate used to exempt the government from paying state and local taxes.

A copy of the SF-1094 follows this page.

What You Need to Know

When preauditing a voucher that requires the SF-1094 as supporting documentation, you need to know the following information:

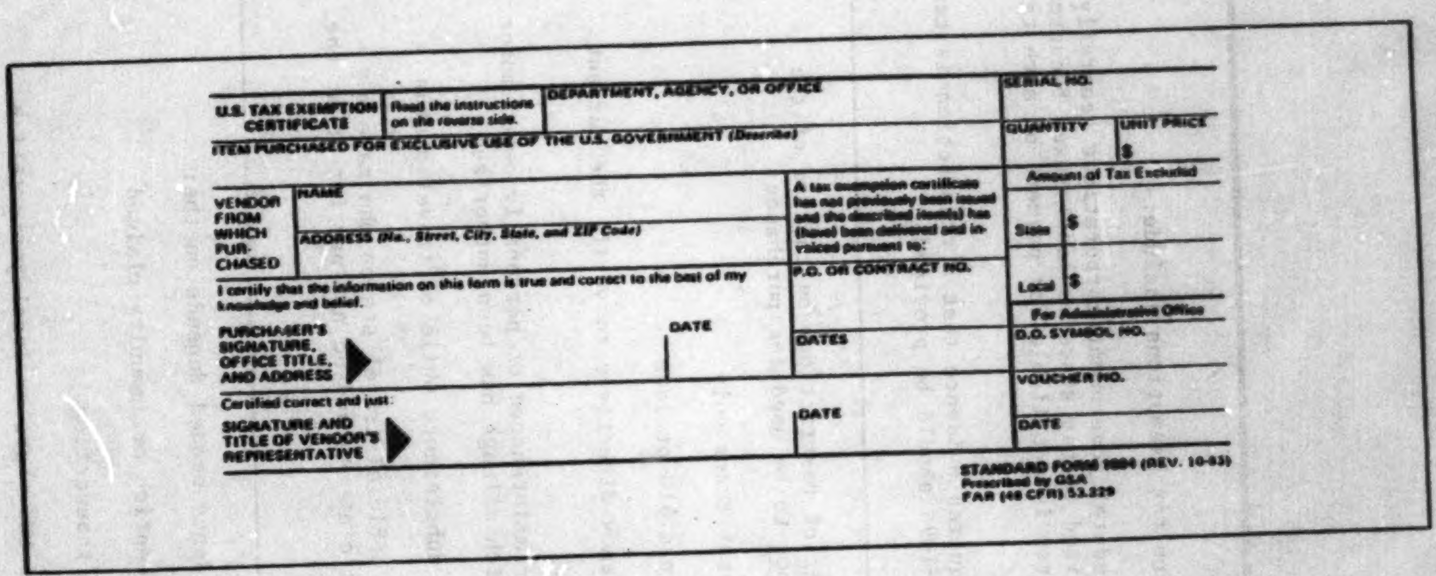
o Basic rules on tax exemptions

o Restrictions on the use of the SF-1094

o Requirements for evidence of exemption or immunity

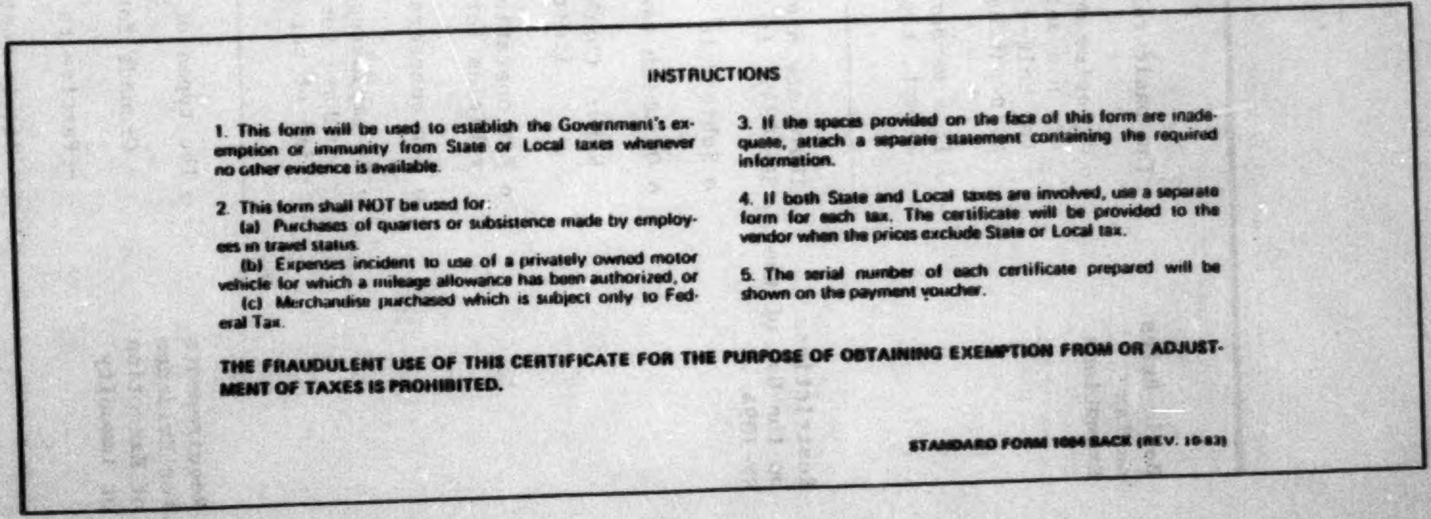
o Rules on collecting tax refunds.

Each of these items is discussed below.



U.S. TAX EXEMPTION CERTIFICATE	Read the instructions on the reverse side.	DEPARTMENT, AGENCY, OR OFFICE	SERIAL NO.
ITEM PURCHASED FOR EXCLUSIVE USE OF THE U.S. GOVERNMENT *(Describe)*			QUANTITY UNIT PRICE $
VENDOR FROM WHICH PURCHASED	NAME ADDRESS *(No., Street, City, State, and ZIP Code)*	A tax exemption certificate has not previously been issued and the described item(s) has (have) been delivered and invoiced pursuant to:	Amount of Tax Excluded State $ Local $
I certify that the information on this form is true and correct to the best of my knowledge and belief. PURCHASER'S SIGNATURE, OFFICE TITLE, AND ADDRESS ▶	DATE	P.O. OR CONTRACT NO. DATES	For Administrative Office D.O. SYMBOL NO. VOUCHER NO.
Certified correct and just: SIGNATURE AND TITLE OF VENDOR'S REPRESENTATIVE ▶		DATE	DATE

STANDARD FORM 1094 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.229



INSTRUCTIONS

1. This form will be used to establish the Government's exemption or immunity from State or Local taxes whenever no other evidence is available.

2. This form shall NOT be used for:
   (a) Purchases of quarters or subsistence made by employees in travel status.
   (b) Expenses incident to use of a privately owned motor vehicle for which a mileage allowance has been authorized, or
   (c) Merchandise purchased which is subject only to Federal Tax.

3. If the spaces provided on the face of this form are inadequate, attach a separate statement containing the required information.

4. If both State and Local taxes are involved, use a separate form for each tax. The certificate will be provided to the vendor when the prices exclude State or Local tax.

5. The serial number of each certificate prepared will be shown on the payment voucher.

THE FRAUDULENT USE OF THIS CERTIFICATE FOR THE PURPOSE OF OBTAINING EXEMPTION FROM OR ADJUSTMENT OF TAXES IS PROHIBITED.

STANDARD FORM 1094 BACK (REV. 10-83)

Basic Rules on Tax Exemptions

The basic rules on tax exemptions include:

- Agencies and federal government corporations generally are not authorized to pay state or local taxes because the United States is not liable for payment of such taxes as a purchaser.
- If a vendor requires evidence that a transaction is tax exempt, the SF-1094 should be provided.

Restrictions on the Use of the SF-1094

There are a number of restrictions on the use of the SF-1094. It is not to be used for purchases:

- Subject to federal taxes only
- On which taxes are $10 or less

  Note: Check agency directives to verify the current limit.
- For operation or maintenance of personally owned motor vehicles for which mileage has been authorized
- For quarters or subsistence while on travel status
- By employees in official travel status who make a purchase for official use and do not pay for it at the time of purchase.

Requirements for Evidence of Exemption or Immunity

- The types of evidence needed depends on the:
  - Grounds for exemption or immunity claimed
  - Parties to the transaction
  - Requirements of the state or local jurisdiction involved.

Requirements for Evidence of Exemption or Immunity — Continued

o The types of evidence include:

- Copies of purchase orders, shipping documents, credit card-imprinted sales slips, paid or acknowledged invoices, and similar documents from the transaction that identify the federal government as the purchaser
- A copy of the contract or its applicable portion
- A state or local form indicating that goods or services are for exclusive use of the U.S. Government
- Any other state or local form required to establish exemption
- The SF-1094 itself.

o Evidence of exemption or immunity should be furnished:

- In accordance with terms in a contract
- Under a cost-reimbursement contract
- With an imprest fund purchase.

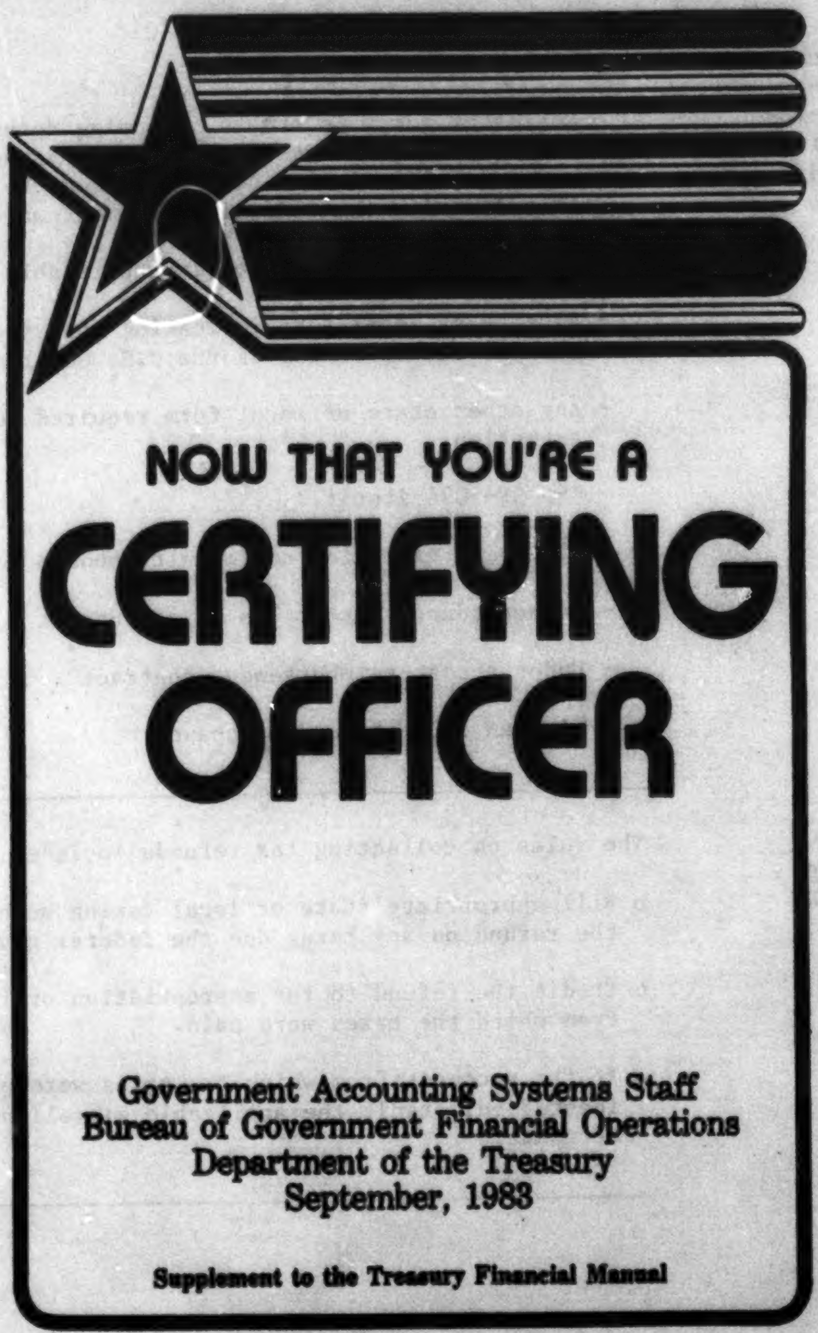
Rules on Collecting Tax Refunds

The rules on collecting tax refunds include:

o Bill appropriate state or local taxing authorities for the refund on any taxes due the federal government.

o Credit the refund to the appropriation or fund accounts from which the taxes were paid.

o If the accounts from which the taxes were paid cannot be identified, credit the applicable miscellaneous receipts accounts.



NOW THAT YOU'RE A CERTIFYING OFFICER

Government Accounting Systems Staff
Bureau of Government Financial Operations
Department of the Treasury
September, 1983

Supplement to the Treasury Financial Manual

Introduction

This pamphlet has been written for all of you who are certifying officers in the Federal Government. We hope that it will serve as a convenient introduction for those of you who are new on the job and as a helpful refresher for those of you who are veteran certifying officers. We want to emphasize in this pamphlet how important your responsibilities are as a certifying officer and how serious the consequences may be if you do not live up to them.

We hope you will keep this pamphlet handy and refer to it often.

Why We Developed This Pamphlet for You

As a certifying officer, you are personally accountable for the correctness of Federal Government payments. You are one of nearly 15,000 certifying officers, collectively accountable for *one trillion dollars each year* — an average of more than $65 million for each officer. You have a big job!

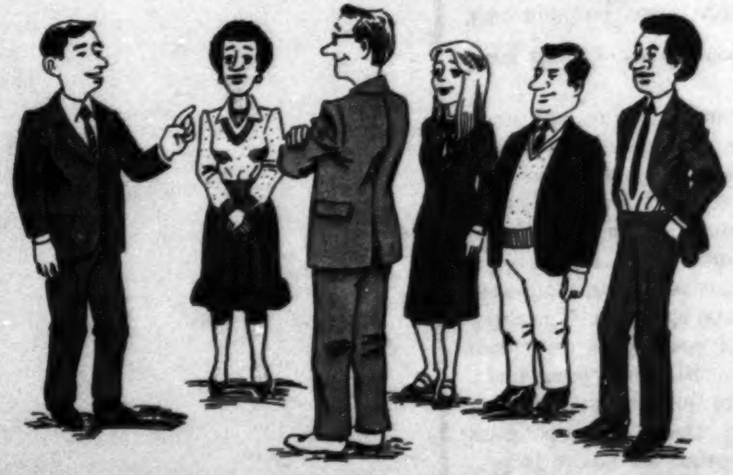
Most of you are conscientious about your work. You're proud to be involved in the Federal Government, and you want to do your part in helping it run smoothly and cost effectively. You're sensitive to criticism about fraud, abuse, waste, and mismanagement in the Federal Government. But, sometimes, your own role may not seem to be important. After all, you are just one person among thousands and thousands. You may think that what you do, or don't do, won't make a difference.

We prepared this pamphlet to assure you that you *do* make a difference. You *are* accountable for your share of that one trillion dollars! In the following pages we're going to emphasize your responsibilities as a certifying officer—responsibilities, by the way, that are mandated by law. It is important for you to be aware of these responsibilities and know how to meet them.

How Has Personal Accountability Changed?

Two hundred years ago, when the Treasury Department was first established, the concept of personal accountability was simpler than it is today. In those early days of our country, all the money used to keep the Government running was paid out from one central location at the

WHY THIS PAMPHLET?



Treasury. And most of the transactions were made in cash. The officers knew what goods were ordered and what goods were delivered. Their firsthand knowledge of transactions made accountability simple.

But as the Government grew, the system became more complicated. It was no longer workable for all payments to come from Washington; certifying officers were needed throughout the country. Over the years new laws changed and strengthened the methods available for determining that payments are legal, proper, and correct. However, the basic concept of personal accountability has remained intact.

During the second half of the 20th century, the Federal Government has grown rapidly in size and complexity. As recently as the 1940's, vouchers documenting a business transaction were processed entirely by hand. Large groups of clerks prepared and reviewed vouchers, verified their accuracy, and compared the facts on the vouchers with those on the source documents. Then certifying officers, who supervised these clerks, reviewed their work and, on the basis of their review, certified the payments.

What Is a "Certifying Officer?"

Ever since Congress created the Treasury Department in 1789, certain Government employees have been held accountable for Federal payments. Specific people, called certifying officers in civilian agencies, have the responsibility to verify that payments made by the Federal Government are legal, proper, and correct. This verification involves certifying a voucher upon which a disbursement will be made.

As a certifying officer, you may supervise a unit within an accounting or an automated data processing organization. In addition to insuring that payments are legal, proper, and correct, much of your time may be spent supervising accounting or payment processing.

What Is "Personal Accountability?"

As a certifying officer you are held personally accountable—individually responsible—for verifying that the Federal Government payments under your jurisdiction are legal, proper, and correct. This is your "personal accountability." If any payment that you have certified is found to be illegal, improper, or incorrect, you may be held individually responsible for reimbursing the Government for the amount of that payment. Being held responsible to the degree that you are required to reimburse these payments is termed "pecuniary liability."

Today, sophisticated computers and telecommunications networks are starting to take care of some of the processing formerly done by individuals. For example, purchase orders are entered into a central computer from remote terminals at field offices. Later, receiving reports and vendors' bills are entered into the computer from terminals at other locations. The central computer verifies and matches these transactions and then generates magnetic media used to prepare the payments. Certifying officers certify these payments on the basis of the amounts on the magnetic media. However, the fact that transactions affecting payments are legal, proper, and correct actually is determined by individuals at the field offices or by a computer.

It is often impossible for today's certifying officers to personally review source documents and verify the facts on every payment because of the volume of payments and the complexity of today's systems. Instead, they must rely on the integrity and reliability of payment systems and of the individuals operating them.

In line with these changes in technology, plans are being developed that will provide certifying officers with a method of certifying payment vouchers without manually signing the individual payment vouchers. This method, which is called "electronic certification," will be especially applicable for certification of payment data telecommunicated to Treasury disbursing centers.

What Is a Payment System?

A payment system includes all the decisions and actions that are involved in making payments with Government funds for Government activities. It begins with reviewing and processing contractual documents, reports, and invoices and ends with the issuance of Treasury checks or electronic funds transfers. A payment system does *not* include decisions to purchase, lend, hire, fire, or award Federal assistance. As a certifying officer, your involvement in a payment system occurs at the end of the payment processing cycle.

Originally, individuals completed all the steps in a payment system manually. However, payment systems are becoming increasingly automated. Manual systems and automated systems use different methods for making sure that payments are legal, proper, and correct.

In a manual system, you work with basic source documents. Although you can't completely determine if a payment is legal or accurate by examining the source documents, this examination does provide reasonable assurance that a transaction:

- Has been processed through all the designated responsible and authorizing officials.
- Is properly documented.
- Is computed correctly according to source documents.
- Is not improper, unreasonable, or fraudulent according to the information that is available.

The employees who initiate these source documents or sign them (not certifying officers) are the ones who actually determine that the payment is legal, proper, and correct. You certify the payment based on these signed documents. However, you usually do not escape liability for losses resulting from improper certification by claiming you were either not in a position to personally ascertain that each item on a voucher was correct or by claiming you must depend on the correctness of your subordinates' work.

If you rely on the statements and computations of subordinates, you must assume responsibility for the correctness of their statements and computations. An exception may be made if it can be shown that neither you, nor your subordinates, in the reasonable exercise of care and diligence, could have known the true facts.

Automated payment systems present special problems for certifying officers because you rarely examine individual payments or supporting documents. It can be difficult to certify these payments because:

- The number of transactions is so large.
- There are so many locations initiating transactions.
- Transactions are entered from remote terminals.
- Data are transferred through telecommunications networks and central computer processing.

A well-designed automated payment system will include evidence to verify that the system is designed and operating properly. You use this evidence to determine that payments are legal and accurate. Well-designed automated payments systems have procedures requiring that:

- Documents are properly authorized, approved, and examined before they are transcribed into machine-readable form.
- Transcriptions are complete and accurate.
- Specifications that identify what the systems are required to do are consistent with current legal and policy requirements. (These specifications also must specify adequate controls over inputs, processing, and outputs, and they must provide for processing all aspects of transactions properly.)
- Additions, deletions, or changes to data or computer programs are authorized and controlled.
- Equipment functions properly and operates according to preset stipulations.
- Physical access to documents and equipment is adequately restricted.
- Source data received from outside the processing departments and agencies or from other computer systems are processed according to the above criteria.

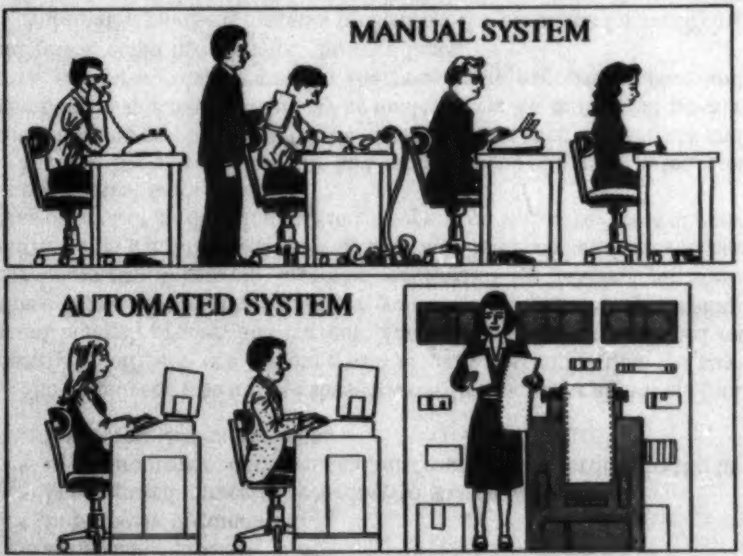
While you are still legally liable, under an automated payment system, the conditions under which you may be relieved are different from those under a manual system.

In an automated system, verification of individual transactions is impossible. Therefore, the basic issue in determining your liability is whether it was reasonable for you to rely on the system to continually produce legal and accurate payments. However, other issues, such as evidence of lack of due care on your part, will also be considered by the United States General Accounting Office (GAO) in determining liability.

Regardless of what system is used, no one has the authority to make known overpayments.

What Types of Payments Are Processed?

The Federal Government makes a wide variety of payments. For example, payments are made for employee payrolls, retirement benefits



(civil service retirement, railroad retirement, social security), administrative expenses (contracts, purchase orders, travel, maintenance services, etc.), and for grants-in-aid to state and local governments. Many of the systems used to make these payments are very complex, and there is a great deal of diversity among them. Three types of payments are discussed here.

Employee Payrolls. Each year the Government spends more than $70 billion to pay 4.8 million Federal employees. Most of the many payroll systems the Government uses are automated and pay thousands of employees. Payroll offices in the field may send the payroll information for each employee to a central computer site. The certifying officer at the computer center may not see any of the source documents prepared at the field offices and must certify on the basis of computer-generated control totals.

Administrative Expenses. Source documents may flow from numerous field offices to central processing sites. The automated system at the central processing site matches, edits, and verifies the data; computes the payments; and codes them on tape. A certifying officer then certifies the payments.

Grants-In-Aid. State and local governments which are awarded Federal grants-in-aid receive payment through one of three methods: letters of credit, advances, or reimbursements. The certifying officer prepares and certifies letters of credit. Usually, the officer also reviews requests for an advance or reimbursement and, in all cases, certifies the requested amount before payment is made.

According to the Law, What Are Your Responsibilities as a Certifying Officer?

As a certifying officer, you are responsible for the accuracy and legality of the payments made from Federal funds that you approve. Specifically, 31 U.S.C. 3528 states that you are:

- Responsible for any errors in certified payments.
- Responsible for making sure that the facts presented in certified documents for payment are complete and accurate.
- Responsible for illegal, improper, or incorrect payments made by the Federal Government because you have made false, inaccurate, or misleading certifications.
- Responsible for any payments made that are prohibited by law and that do not represent legal obligations under the appropriations or funds involved.

However, the Act also states that you are not required to make good on payments you certified if:

- You based your certifications on official records.
- You exercised due diligence in performing your duties.
- You had no personal knowledge of any illegal, improper, or incorrect payments and could not be expected to uncover them in the reasonable performance of your legal duties.

What Should You Do in Carrying Out Your Responsibilities to Avoid Liability?

Certifying officers have a heavy burden of verification in order to avoid liability or to qualify for relief. Therefore, in carrying out your responsibilities you should do the following:

- Properly supervise subordinates by establishing a system of procedures and controls which minimize opportunities for incorrect or improper payments and insure that the system is being followed.

- Know that you have a right to request an advance decision from the Comptroller General when you have doubts about the legality of payments.
- Be alert to the possibility of vouchers or voucher-schedules and supporting documents being processed a second time.
- Make use of the evidence that is available, e.g., fund availability certifications, and other documentation which would indicate that procedural safeguards regarding payment have been observed.
- Return payment vouchers that are inadequately documented to the appropriate administrative officials for the proper approvals and supporting documents.
- Do not authorize payments unless funds are available to cover the payments.
- Do not sign blank voucher forms.

Congress has, in a series of laws, provided for the relief of certifying officers from liability. The GAO makes the final decision about granting relief from liability. However, action taken by the GAO is usually based on determinations made by the administrators of the agencies involved.

Agency heads are authorized, according to law, to use statistical sampling methods and procedures to examine disbursement vouchers if their use will result in savings for the agency. The law also provides that certifying officers acting in good faith and in conformity with the authorized sampling procedures, will not be held liable for any certification or payment on a voucher which was not specifically examined because it was not a part of the sampling procedure. Relief from liability may be denied, however, if the agency has not diligently pursued collection action to recover the illegal, improper, or incorrect payment. Relief may also be denied if the sampling plan used does not conform to the standard in the *GAO Policy and Procedures Manual for Guidance of Federal Agencies.*

For additional information concerning relief and liability see *Principles of Federal Appropriations Law,* Chapter 10, published by GAO, Office of General Counsel.

According to the Law, What Can Happen to You if You Are Negligent in Performing Your Job?

Certifying officers are among the employees involved in the payment process who are required to make good any payments that are illegal, inaccurate, or improper.

If an outstanding liability remains as a result of a loss for which the certifying officer is liable, and there is not a request for relief or relief is requested and denied, the certifying officer becomes indebted to the United States for the amount involved. At this point, the agency can initiate collection action against the person in accordance with the law. If the person is still employed by the Government, the means of collection is mandatory withholding of pay.

In addition, the Civil Service Reform Act of 1978 states that "employees should be separated who cannot or will not improve their performance to meet required standards." In another section, the Act says that employees may be reduced in grade or removed if their job performance is unacceptable.

Conclusion

You have an extremely responsible position. Payments that you certify must be correct, proper, and legal. You are personally accountable and have pecuniary liability for payments that you certify.

The increasing complexity of payments and the development of automated payment systems is changing your job, but not relieving you of your responsibility. Therefore, it is important that you stay abreast of changes as the era of "electronic certification" progresses.

QUESTIONS

Please use the following questions to check your knowledge of the information in this pamphlet. For every question answered incorrectly, please review the section indicated with the answer.

1. What is personal accountability?

A. Being held individually responsible for verifying that all payments under your jurisdiction are legal, correct, and proper.
B. Being held individually responsible for reimbursing the Government when errors are made by your supervisor.
C. Being held responsible for reimbursing the Government if an incorrect payment is made due to computer malfunction.

2. What is pecuniary liability?

A. Being individually responsible for reimbursing the Government for any payment that you have certified which is found to be illegal, improper, or incorrect.
B. Being responsible for reporting malfeasance to your supervisor.
C. Being responsible for individually supervising the work of field officers.

3. Who and what must today's certifying officer rely on to determine that transactions are legal, proper, and correct?

A. Interviews with field officers and personal reviews of every source document.
B. People who service computers and computer manuals.
C. Individuals in field offices and the payment systems they help operate.

4. Automated payment systems present special problems of certification because:

I. The number of transactions is so large.
II. There are so many locations initiating transactions.
III. Transactions are entered from remote terminals.
IV. Data are transferred through telecommunications networks and central computer processing.

A. None of the above are true.
B. All of the above are true.
C. I and II are true.
D. II and IV are true.

5. The basic issue in determining your legal liability in an automated payment system is:

A. How long you have worked as a certifying officer.
B. Your ability to pay.
C. Whether it was reasonable for you to rely on the system to continually produce legal and accurate payments.

6. According to the law, two of the conditions under which you are *not* required to make good on payments you have certified are:

I. You based your certification on official records.
II. You knew that your work would be double-checked by others.
III. You exercised due diligence in performing your duties.
IV. You gave blanket approval to the people you supervise to proceed with payments.

A. I and II are true.
B. II and IV are true.
C. I and III are true.
D. I and IV are true.

7. According to the law, a certifying officer is:

I. Responsible for any errors in certified payments.
II. Responsible for making sure that the facts in the certified documents for payment are complete and accurate.
III. Responsible for reporting any errors to the local Congressman or Congresswoman.
IV. Responsible for any payments made that are prohibited by law and that do not represent legal obligations under the appropriation or funds involved.

A. All of the above are true.
B. None of the above are true.
C. I and II are true.
D. I, II, and IV are true.

8. To carry out your responsibilities and avoid liability there are seven things you should do. These include:

I. Never sign blank voucher forms.
II. Never authorize payments when funds are not available to cover the payments.
III. Be alert to the possibility of vouchers or voucher-schedules and supporting documents being processed a second time.
IV. Know that you have no right to request an advance decision from the Comptroller General when you have doubt regarding the legality of payments.

A. All of the above are true.
B. None of the above are true.
C. Only I and II are true.
D. I, II, and III are true.

9. True or False: Certifying officers are the only individuals involved in the payment process who are required to make good on payments that are illegal, inaccurate, or improper.

A. True.
B. False.

10. A well-designed automated payment system has procedures that require that:

I. Transcriptions are complete and accurate.
II. Physical access to documents and equipment is open to all.
III. Additions, deletions, or changes to data or computer programs are authorized and controlled.
IV. Documents are randomly authorized, approved, and examined before they are transcribed into machine-readable form.

A. I and II are true.
B. II and IV are true.
C. III and IV are true.
D. I and III are true.

11. State and local governments which are awarded Federal grants-in-aid receive payment in one of three methods. Two of these methods are:

A. Letters of credit, personal checks.
B. Letters of credit, advances.
C. Advances, personal checks.
D. Reimbursements, blank checks.

ANSWERS

1A Correct.
1B Wrong. Review the section entitled "What Is Personal Accountability?"
1C Wrong. Review the section entitled "What Is Personal Accountability?"

2A Correct.
2B Wrong. Review the section entitled "What Is Personal Accountability?"
2C Wrong. Review the section entitled "What Is Personal Accountability?"

3A Wrong. Review the section entitled "How Has Personal Accountability Changed?"
3B Wrong. Review the section entitled "How Has Personal Accountability Changed?"
3C Correct.

4A Wrong. Review the section entitled "What Is a Payment System?"
4B Correct.
4C Wrong. Review the section entitled "What Is a Payment System?"
4D Wrong. Review the section entitled "What Is a Payment System?"

5A Wrong. Review the section entitled "What Is a Payment System?"
5B Wrong. Review the section entitled "What Is a Payment System?"
5C Correct.

6A Wrong. Review the section entitled "According to the Law, What Are Your Responsibilities as a Certifying Officer?"

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